COLONIAL DEVELOPMENT CORPORATION

REPORT AND ACCOUNTS

1958

5-JUN1959

COLONIAL DEVELOPMENT CORPORATION is a public corporation established by UK Parliament in 1948, for the purpose of assisting colonial territories in the development of their economies.

●

It has powers to borrow up to £150m long-term and £10m short-term outstanding at any one time. There is no share capital and the loan money has been had from the UK Treasury; interest has to be paid over the life of each loan at the rate current at the time of each advance. On long-term loans interest payments are postponed for the first seven years; loans and interest are repayable by 33 annuities starting in the eighth year.

●

In independent Commonwealth countries CDC can, with agreement of governments concerned, act as managing agents, and render advisory services.

●

CDC is organised to operate commercially and is required to pay its way.

●

Directors of the Corporation are appointed by the Secretary of State for the Colonies. The general manager is chief executive officer.

COLONIAL DEVELOPMENT CORPORATION

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

For year to
31.12.58

Presented to Parliament in pursuance of Section 16 (5) of the Overseas Resources Development Act, 1948

Ordered by The House of Commons *to be Printed*
2nd June 1959

LONDON
HER MAJESTY'S STATIONERY OFFICE

COLONIAL DEVELOPMENT CORPORATION

33 Hill Street,
London W1

The Rt Hon A. T. Lennox-Boyd, MP
Secretary of State for the Colonies

The members of the Colonial Development Corporation submit Report and Statement of Accounts for year to 31.12.58.

(Sgd) J. C. W. Reith
H. N. Hume
Hugh Beaver
A. Gaitskell
Macdonald of Gwaenysgor
C. J. Pleass
J. F. Prideaux
E. H. D. Skinner

26 March 1959

Members

Lord Reith
(*Chairman*)

Sir Nutcombe Hume
(*Deputy Chairman*)

Sir Hugh Beaver

A. Gaitskell

Lord Macdonald of Gwaenysgor

Sir Clem Pleass

J. F. Prideaux

E. H. D. Skinner

Mr Skinner appointed 1.4.58
Mr Prideaux appointed 1.5.58
Terms of Lord Reith and Lord Macdonald end 31.3.59

Executive Chief Officers

General Manager ... ... W. Rendell, ACA

Head Office Controllers

Finance	G. W. Totman, ACA
Investigations	G. C. Wishart, LLB (*a*)
Operations	H. A. Cochran, OBE, BSc, MIMinE, MIMM
	H. L. Pryce, ACA
	Sir Reginald Saloway, KBE, CMG, CIE

Regional Controllers

Caribbean	A. C. Grieve
Far East	D. E. M. Fiennes
East Africa	R. E. Norton, CMG, OBE (*b*)
Central Africa	G. E. Thornton, CMG, MBE
High Commission Territories	R. Prentice, CA
West Africa	A. T. de B. Wilmot

Regions

Caribbean... ...	British Honduras, British Guiana, all British West Indies Islands, Bahamas and Falkland Islands; hq Bridgetown, Barbados;
Far East	Singapore, North Borneo, Brunei, Sarawak, Hong Kong, Fiji and the Western Pacific Islands; hq Kuala Lumpur;
East Africa ...	Kenya, Uganda, Tanganyika, Seychelles, Mauritius, Zanzibar; hq Nairobi;
Central Africa ...	Federation of Rhodesia and Nyasaland; hq Salisbury;
High Commission Territories	Basutoland, Bechuanaland Protectorate, Swaziland, Tristan da Cunha; hq Johannesburg;
West Africa ...	Nigeria (including Cameroons), Gambia, Sierra Leone; hq Lagos.

Commonwealth Countries

Ghana—CDC interests under supervision of Regional Controller (West Africa) through Development Corporation (West Africa) Ltd.

Federation of Malaya—CDC interests under supervision of Regional Controller (Far East) through Malaya Developments Ltd.

(*a*) Mr Wishart resigned 31.1.59 on appointment to International Bank for Reconstruction and Development. He takes with him the Corporation's gratitude and best wishes.

(*b*) Mr Norton retires 31.3.59 and will be succeeded by Mr. Angus A. Lawrie, FSAA. Mr and Mrs Norton have for eight years carried their joint responsibilities with devotion and outstanding success.

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COLONIAL DEVELOPMENT CORPORATION

ANNUAL REPORT 1958

I GENERAL REVIEW

Report and Accounts are for year to 31.12.58; later information included where interesting.

1 Projects

(1) 77 continuing projects at 31.12.58 (76 last year); five new projects were approved (§ 2); four come off the list, ie British Guiana Consolidated Goldfields Ltd and Potaro Hydro-electric Co Ltd ceased operations on appointment of a Receiver and Manager (§ 20); West Indies Navigation Co Ltd service stopped on 9.1.58 (1957 Report); Williamson Diamonds Ltd drawing facility lapsed at 31.12.58.

(2) Following table shows projects, with capital approved, grouped regionally and by territories; diagram (fig 1) shows total capital, approved and spent, for each region.

Region and Territory	Project	Capital approved for Project £000's	Capital approved for Region and Territory £000's
Caribbean			**8,862**
Barbados	Barbados Light and Power Co Ltd	650	650
British Guiana	British Guiana Rice Development Co Ltd	1,292	
	British Guiana Timbers Ltd	2,062	3,354
British Honduras	British Honduras Fruit Co Ltd (citrus and cocoa)	147	
	Fort George Hotel	286	433
Dominica	Dominica Electricity Services	270	
	Melville Hall Estate	80	350
Jamaica	Cayman Islands Airport	60	
	Jamaica Citrus Growers Ltd	167	
	Jamaica Cooling Store	138	
	Jamaica Housing Development Co Ltd	1,000	
	Jamaica Public Service Co Ltd	300	1,665
St Vincent	St Vincent Electricity Services	210	210
Trinidad	Federation Chemicals Ltd	1,000	
	Trinidad Cement Ltd	1,200	2,200
Far East			**18,631**
Borneo territories	Borneo Abaca Ltd	3,405	
	Borneo Development Corporation Ltd	3	
	Borneo Housing Development Ltd	234	
	Mostyn Estates Ltd	1,360	5,002
Federation of Malaya, and Singapore	(shown separately below)		3,500
Federation of Malaya			9,268
Fiji	*Fiji Investigations	1	1
Singapore	Malayan Flour Mills Ltd	200	
	Singapore Factory Development Ltd	660	860
East Africa			**15,824**
Kenya	Block Hotels Ltd	160	
	East Africa Industries Ltd	500	
	Kenya Housing Authority	2,000	
	Kenya Meat Commission	250	
	Kenya Power Co Ltd	3,535	
	Macalder-Nyanza Mines Ltd	2,350	
	Oceanic Hotel Ltd	125	
	Unga Ltd	850	9,770
Tanganyika	Bird & Co (Africa) Ltd	450	
	*Mbeya Exploration Co Ltd	450	
	*Liganga Iron Ltd	500	
	*Rungwe Coal Co Ltd		
	*Tanganyika Coalfields Ltd		
	Tanganyika Wattle Co Ltd	1,270	
	Tangold Mining Co Ltd	1,140	3,810
Uganda	Kilembe Mines Ltd	2,244	2,244

* Investigations

Region and Territory	Project	Capital approved for	
		Project £000's	Region and Territory £000's
Central Africa			21,960
Central Africa Federation	Central African Airways Corporation	1,750	
	Federal Power Board	15,000	16,750
Northern Rhodesia ...	Chilanga Cement Ltd	1,500	1,500
Nyasaland	Kasungu Tobacco Estates	300	
	Nyasaland African Housing	1,000	
	Vipya Tung Estates	1,410	2,710
Southern Rhodesia ...	Southern Rhodesia African Housing	1,000	1,000
High Commission Territories			12,339
	High Commission Printing & Publishing Co Ltd ...	10	10
Basutoland	*Ox Bow Lake Power and Water	1	1
Bechuanaland ...	Bechuanaland Cattle Ranch ... ... }	1,229	
	Bushman Pits Ranch ... ... }		
	Lobatsi Abattoir	1,032	
	Molopo Ranch ... ... }	746	3,007
	Molopo Settlement Scheme... ... ... }		
Swaziland	Mhlume (Swaziland) Sugar Co Ltd	2,870	
	Swaziland Canners (Pty) Ltd	143	
	Swaziland Irrigation Scheme	2,918	
	Ubombo Ranches (Pty) Ltd	85	
	Usutu Forests	3,175	9,191
Tristan da Cunha ...	Tristan da Cunha Development Co Ltd	130	130
West Africa			4,101
Ghana	(shown separately below)		350
Nigeria	Amalgamated Engineering Co Ltd	50	
	Coast Construction (Nigeria) Ltd ... ... }	295	
	Coast Engineering Ltd ... ... }		
	Ilushin Estates Ltd	265	
	Lagos Executive Development Board	1,250	
	Nigerian Cement Co Ltd	187	
	Nigeria Housing Development Society Ltd	1,225	
	Northern Housing Estates Ltd	10	
	Omo Sawmills of Nigeria Ltd	194	3,476
Sierra Leone	Freetown Hotel	275	275
	Total		81,717

COMMONWEALTH COUNTRIES

(totals included above)

Ghana	Coast Construction Co Ltd...	350	350
Federation of Malaya	Malaya Borneo Building Society Ltd (also operates in Singapore)	3,500	
	Central Electricity Board	7,166	
	Federal Land Development Authority	600	
	Johore Palm Processing Ltd	280	
	Kulai Oil Palm Estate	820	
	Malayan Cocoa Ltd	52	
	Malayan Industrial Development Finance Ltd	300	
	United Cocoa Development Co Ltd	50	12,768

* Investigations

CONTINUING PROJECTS

CAPITAL APPROVED AND SPENT BY REGIONS

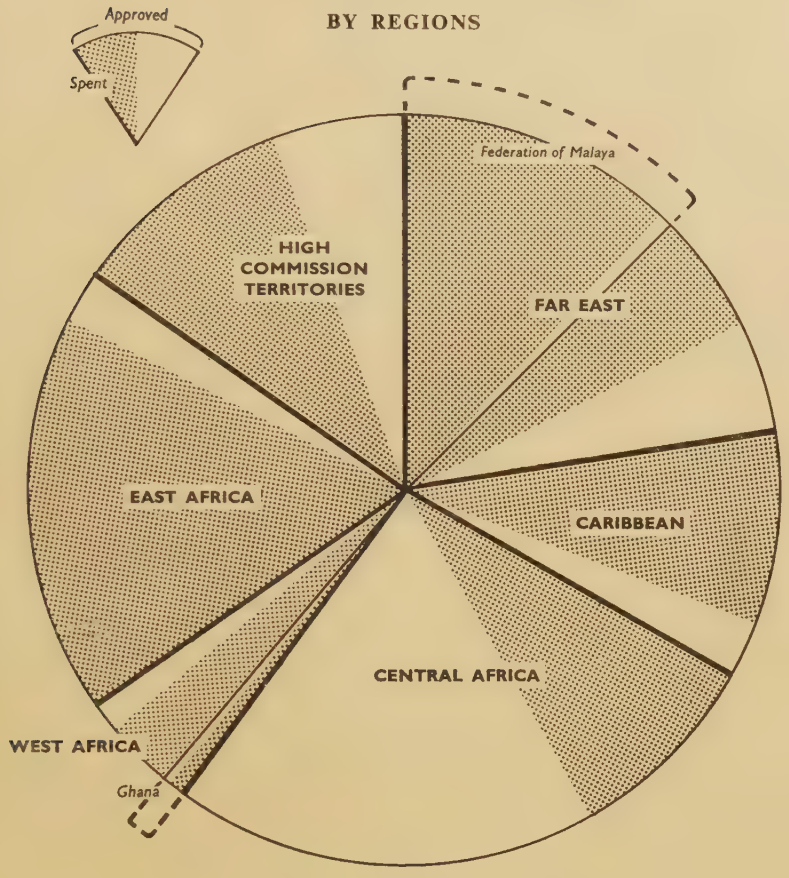

FIG. 1

	Approved £000's	*Spent* £000's
Caribbean	8,862	6,161
Far East	18,631	15,069
East Africa	15,824	15,403
Central Africa	21,960	8,671
High Commission Territories	12,339	8,538
West Africa	4,101	2,324
Total	81,717	56,166

COMMONWEALTH COUNTRIES

(totals included above)

Federation of Malaya	12,768	11,921
Ghana	350	240

2 New business

(1) Five new projects were—

Bird & Co (Africa) Ltd (Tanganyika)
Borneo Development Corporation Ltd
Borneo Housing Development Ltd
Federation Chemicals Ltd (Trinidad)
Freetown Hotel (Sierra Leone)

(2) Additional loans have been negotiated with Barbados Light & Power Co Ltd and Jamaica Citrus Growers Ltd; in both CDC has already an interest. Arrangements have now been made for Nigeria Housing Development Society Ltd (§ 97) operations to be extended to Eastern Region; Eastern Region Government will take up £150,000 capital against further CDC subscription of £225,000.

(3) In Federation Chemicals Ltd CDC money is for first time associated in bringing American industrial know-how and finance to a colonial territory; it is hoped this will be a forerunner of similar joint projects. Loan to Bird & Co (Africa) Ltd is associated with plans for an African smallholders tea growing scheme now under investigation.

(4) In Nigeria CDC has spent much effort in seeking to bring about joint development companies in partnership with Regional Governments. CDC now understands that its view that such companies have a particular importance, as instruments of joint participation through which Nigerians and CDC can share responsibility in investigating and launching development projects, will be accepted.

(5) At request of Admiralty, Colonial Office and sponsors (C. H. Bailey Ltd), CDC has sat in on discussions for conversion of Malta RN dockyard to a commercial ship repair yard; it hopes to take part in this challenging new venture; proposal is to form a local company in which CDC will participate.

(6) Technical missions have visited Windward and Leeward Islands, Fiji, Tanganyika, Nigeria and Sierra Leone during year.

(7) More new schemes than ever before came into the office during 1958 (71 schemes against 61 in 1957). Delays in clearance, owing to differences of opinion with Government departments concerned and high interest rates quoted by CDC (deriving from rates it has to pay to Government), were factors in smaller proportion of successfully concluded negotiations.

3 New capital approved and spent

(1) Capital approved for new projects and for expansion and completion of existing ones was £3m (1957 £6m); gross new expenditures £6m (1957 £7m).

(2) Graphs (fig 2) show cumulative figures; tendency of curves to flatten out noted last year became more pronounced due largely to reaction of prospective investors in colonies to falling commodity prices and maintenance of high interest rates.

4 Functional distribution

Diagram (fig 3) shows functional classification of capital approved and spent at end 1957 and 1958.

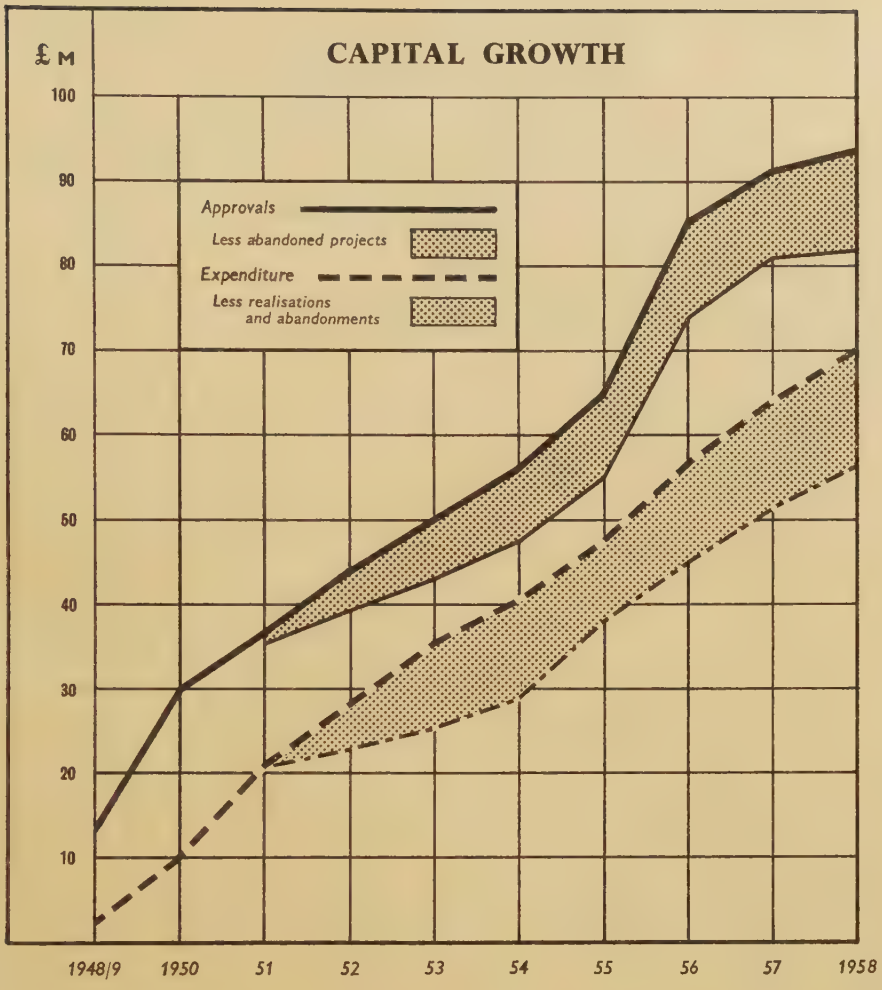
£ M
CAPITAL GROWTH
100
90
80
70
60
50
40
30
20
10
Approvals
Less abandoned projects
Expenditure
Less realisations and abandonments
1948/9
1950
51
52
53
54
55
56
57
1958

FIG. 2

FUNCTIONAL DISTRIBUTION OF CONTINUING PROJECTS

1957 and 1958 compared

Capital approved (shaded area shows amount spent)

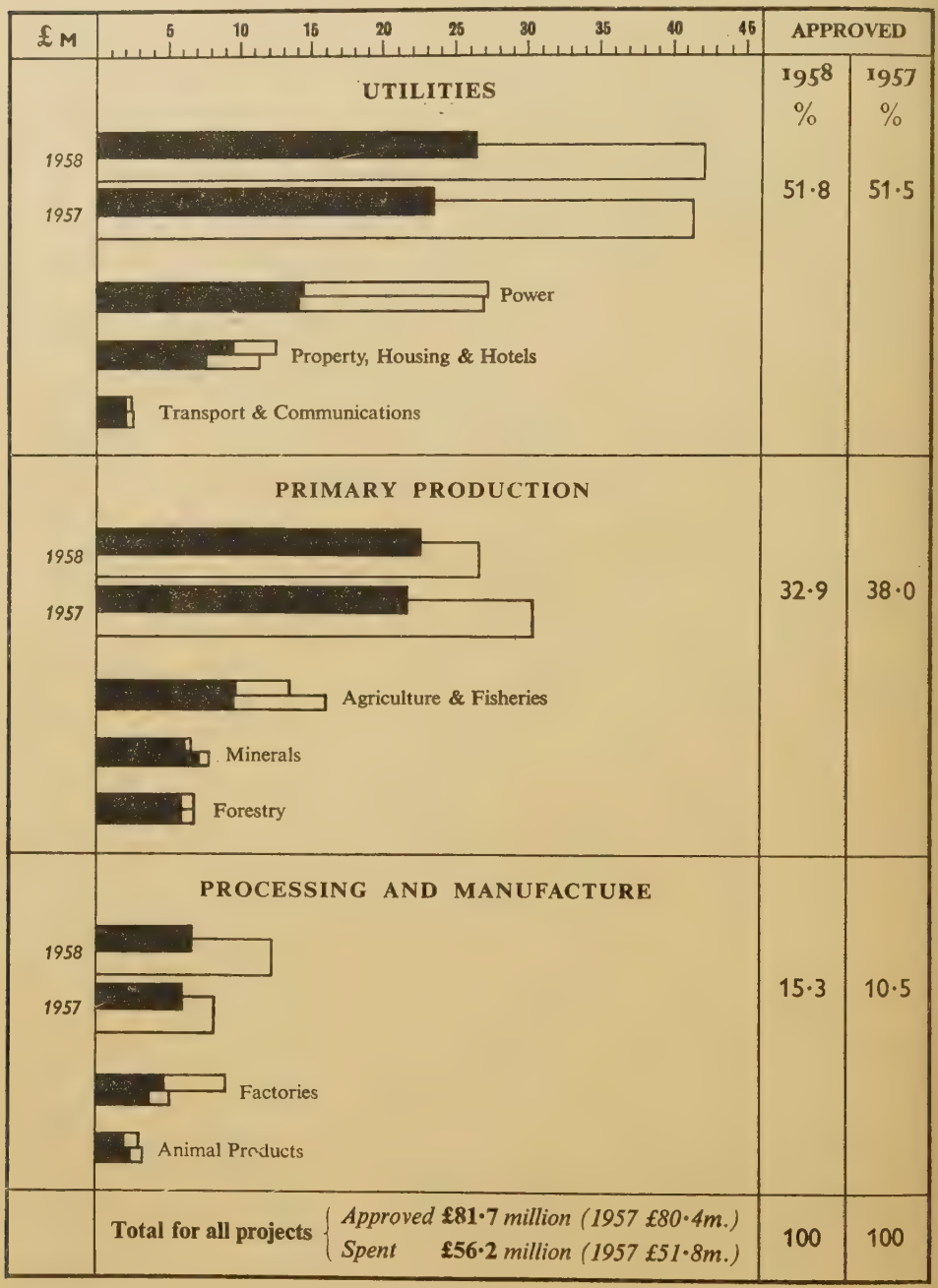

FIG. 3

5 Revenue account

(1) Balance of Profit for year after all charges including interest to Government £799,331 (but only £70,648 from loss on BGCG Ltd. and Potaro subsidiary) was £1,174,720 (1957 £332,868).

(2) Despite every effort to avoid disaster CDC's investment in BGCG Ltd and the Potaro subsidiary must be regarded as largely lost. £1,200,000 has been written off of which £850,000 (Special Losses Account £779,352) is charged in 1958 and £350,000 provided in 1957 has been transferred.

(3) Net profits of direct projects and subsidiary companies (statement 5) showed a satisfactory increase—£593,862 (1957 £227,909). Malaya Borneo Building Society again contributed most with a largely increased profit reflecting heavy loan programme of previous year; several other projects did well in difficult conditions prevailing in commodity markets.

(4) Of the losers Kasungu Tobacco Estates and Omo Sawmills of Nigeria had thoroughly bad years and will need a deal of pulling round; Vipya Tung Estates is just starting quantity production of a commodity which fell in price by 45% during 1958; its future depends on price recovery. Melville Hall Estate again suffered from adverse weather but will make good profits again when given a chance. Macalder-Nyanza Mines by rigorous economy reduced rate of loss compared with 1957 and is now earning a return on capital investment at current higher copper prices. Nigerian Housing Development Society has taken longer than expected to get going but is now gathering momentum. Mostyn Estates shows a loss on harvesting some mature abaca which was expected to make a contribution towards overheads of planting up the main oil palm area; but crop shortage affected out-turn as at Borneo Abaca Ltd next door.

6 Interest payable to Government

(1) £799,331 interest became due (1957 £533,920) and is charged in the Accounts.

(2) This charge will now rise steeply each year as interest begins to be charged at end of seven year fructification period for heavy spending years 1951–1953; but revenue is also rising fast and this trend should be maintained.

(3) No progress can be reported in argument whether fructification interest (statement 3—note 7, page 18) should be calculated simple or compound. CDC acknowledges £9,457,563 against Government claim £10,433,361. CDC suggested in March 1958 joint application to High Court for judicial interpretation, but has so far failed to secure agreement to this suggestion.

7 Relations with Government

(1) (*a*) Last report was optimistic in tone; but unfortunately 1958 was not a happy year; many irritations; no capital reconstruction;

(*b*) as CDC came to real terms with itself in its task, relations with Government departments became such that Corporation felt frustrated and discouraged, due maybe, to an extent, to differences of interpretation of Overseas Resources Development Act;

(*c*) CDC has been operating for ten years now; a quick review of ORDA working may be helpful.

(2) Parliament's intention (1948 Act, 1956 Amending Act) was to set up an independent corporation " for the purpose of assisting colonial territories . . . in the development of their economies ".

(3) CDC authority is qualified thus:

(*a*) there must be consultation with colonial governments and local interests;

(*b*) where practicable, consultations with representative bodies about terms of service on CDC projects;

(*c*) Minister may, after consultation with Corporation, give directions of a general character on matters concerning public interest;

(*d*) CDC borrowing to be approved by Minister and Treasury as to amount, sources and terms, approval being " either general or limited to a particular borrowing or otherwise and may be either unconditional or subject to conditions ".

(4) As to (*a*), CDC's regional organisations are in close touch with colonial governments; local association in finance and management of projects is encouraged; where appropriate local personalities act as directors. There is frequent interchange of visits between head office and overseas territories.

(5) As to (*b*), there is a system for consultation with employees wherever practicable.

(6) As to (*c*), CDC has always been fully ready to consult with and take advice of Government on matters of public interest. No general direction has ever been given.

(7) As to (*d*), CDC early accepted a capital sanction procedure, relying on principles given in a Colonial Office circular despatch of 20.1.50:

> " The first is that the requirements of official administration should not nullify that measure of independent executive responsibility that has been laid upon the Corporation by Parliament; the second is that the Corporation should be in some degree insulated from the complex and many-sided internal procedures upon which Government policy is founded ".

CDC feels that because this procedure has not been followed unnecessary trouble has been caused.

(8) Form is that CDC asks authority to borrow estimated cost of a project after CDC board has approved but before any commitment is made; similarly with significant changes or need of more finance.

(9) Since 1956 when great difficulty and embarrassment were caused by successive objections—and at the last minute one quite new—to several schemes, CDC has sought preliminary policy clearance when there was likelihood of serious negotiation with outside interests.

(10) (*a*) Extent to which substantive capital sanction applications may properly be scrutinised, their form and amount of information, have always been matters of controversy. Initially projects were approved in barest outline; but when in late 1950 jobs went bad and very bad, requirements expanded, with CDC in no shape to protest;

(*b*) maybe this did not matter so much while CDC was preoccupied (1951/52) with redding up; but as it became organised, disciplined,

confident, and as its work grew, official encroachments on matters which CDC maintains to be within its responsibility and competence have become increasingly annoying and difficult to understand.

(11) Applications are held up because it is suggested:

(*a*) project might involve some activity outside CDC powers—functional or territorial; but CDC can be trusted to observe the law and use its money properly. Lake Kariba Development Co and the proposed joint Regional Government/CDC development companies in Nigeria are examples; the latter a form of development in line with the specific enjoinment to co-operation with colonial governments. The emphasis often seems to be heavier on the negative of doing nothing than on the positive of encouraging development;

(*b*) not expedient that a project—though certainly intra vires—should be done, because " CDC is doing too much itself ", " is lending too much money to better qualified folk ", " is financing too much housing," or that a colony is " too near independence " (though maybe a year away)—thus and thus CDC feels its functions are usurped;

(*c*) that a loan to a public utility is " finance house stuff ";

(*d*) that the project—or extra expenditure—is not justified by the financial return. CDC's commercial judgment—not infallible but certainly experienced—is impugned by individuals less qualified to judge. And moreover there is no legal justification for such inquisitions; if CDC complies with section 15 (balancing revenue account) as it has done for four years there is no obligation to show that individual projects will be profitable.

(12) CDC has rarely accepted " No " and has often eventually got its way; but the misspent energy and delays are disheartening; and staff trained for key posts get discouraged and impatient as arguments drag on. CDC has been magnificently served by its staff at home and overseas but will have difficulty in holding them in such circumstances.

8 Capital reorganisation

(1) CDC recognises that it has no rights to claim here; but critics who complain that CDC is not venturesome enough—" not doing the job it was set up to do "—should understand why.

(2) (*a*) CDC must pay its way (ORDA 1948 section 15); profit and loss account must show a profit—taking one year with another. Each year some projects will contribute a plus and some a minus.

(*b*) since an undue number of early projects showed minuses and had to be abandoned or severely cut back, CDC must necessarily avoid riskier and less profitable schemes until balance is restored;

(*c*) Government can help to cut down this period of self-restraint by relieving CDC of the Special Losses Account.

(3) 1954 Amending Act dealt in part with interest burden; but until Government will agree to write off lost capital, CDC is faced with having to burden continuing projects with charges needed to repay money used for something else.

(4) (*a*) CDC put forward constructive proposals in 1957 report and much sympathy and support for them was expressed in Parliament; CDC has pressed hard for two years to have this matter cleared up;

(*b*) it is now glad to know that an independent investigation into its capital structure is to be undertaken by Lord Sinclair of Cleeve.

(5) CDC would wish to be able to report next year that its capital structure is no longer a "financial nonsense", and that a substantial part of its resources has been turned into equity capital; thus recognising that much of the work CDC does—and ought to do more of—is helping indigenous people to get a better living out of the land; this and similar marginal and risky investments cannot be made to repay capital and interest at fixed dates.

(6) CDC has always felt it should have money for investigations preliminary to development but unlikely to be profitable *per se* eg £457,855 spent on Tanganyika Coalfields (§ 64).

(7) Finally, CDC has repeatedly urged that its funds and those of CD&W could often be used jointly to great advantage.

9 Interest rates

(1) Despite fall in Bank Rate to 4%, long term rates have not conformed; CDC's long term rate, normally used for development projects, remained at 5¾% until 9.12.58; since when it has come in two stages to 5½%.

(2) Colonial associates have protested against high rate which has frustrated new developments and jeopardised completion of earlier projects needing further capital to bring to completion.

10 Interest waiver

Discussions on procedure for implementing ORDA 1954 sect 5, which started on 10.12.56, were brought to a conclusion on 25.2.59; CDC hopes that waiver will be given in all eligible cases.

11 Agency companies

(1) Last year establishment of Malaya Developments Ltd through which CDC transacts all business in Federation was reported. Names of old CDC regional companies have been changed and new subsidiaries with territorial names were established in Swaziland and elsewhere.

(2) These agency companies should not be confused with the joint development companies which CDC has been seeking to establish in association with Regional Governments in West Africa which have a most definite operational function in their own right.

12 Mobilisation of development finance

(1) (*a*) Talks with International Bank for Reconstruction and Development and International Finance Corporation took place in Washington in June; IBRD and IFC representatives have called at Hill Street;

(*b*) it has been agreed that differences of approach with IFC, referred to last year, should not prevent association in projects; joint investigation in East Africa has been undertaken.

(2) Regional Controllers serve on local development corporations and other public boards. RC(EA) was reappointed to board of Uganda Development Corporation and is on East African Post and Telecommunications Advisory Board; RC(C) is director of Barbados Development Board and of British Guiana Credit Corporation. RC(CA) is on Federal Power Board, Central African Airways and Rhodesia Railways; RC(FE) on Federal Land Development Authority (Malaya), North Borneo Electricity Board and Sarawak Development Finance Corporation.

13 Emergent territories

There was evidence from Montreal Conference that HMG recognises an obligation for ensuring continuance of development finance to emergent territories. CDC regrets that the restrictions imposed upon its future activities in these areas will deny them full use of its unique facilities and managerial experience at the critical transitional stage in their development.

14 Physical results

(1) Despite difficulties and delays noted above, CDC has done some good; it could have done a lot more.

(2) CDC doings have added to colonial production of:

(*a*) *food:* rice, citrus, pineapples, bananas, palm oil, cocoa, coffee, tea, margarine, flour, meat, fish;

(*b*) *other products:* gold, silver, copper, timber, cement, manila hemp, wattle extract, rubber, hides, tobacco, tung oil, copra, electricity, houses, factories, roads and bridges.

(3) Productive assets created directly or with CDC help include:

(*a*) hydro-electric installations in Dominica, St Vincent, Rhodesia and Kenya;

(*b*) plantations in Dominica, Borneo, Malaya, Tanganyika, Nyasaland, Swaziland and Nigeria;

(*c*) mines in Uganda, Kenya and Tanganyika;

(*d*) factories in Trinidad, Singapore, Malaya, Kenya, Tanganyika, Northern Rhodesia and Nigeria;

(*e*) sawmills in British Guiana (largest in South America) and Nigeria;

(*f*) irrigation canals in Swaziland;

(*g*) abattoir and ranches in Bechuanaland;

(*h*) new and better houses in Jamaica, Malaya, North Borneo, Singapore, Kenya, Nyasaland, Southern Rhodesia and Nigeria;

(*i*) hotels in British Honduras, Kenya and Sierra Leone;

(*j*) roads and bridges in Ghana and Nigeria.

(4) Over half a million acres of idle land have been made productive.

(5) Wage earning employment for over 16,000 workers is at present provided by CDC direct projects; employees have benefited from good health and welfare arrangements.

(6) So CDC activity has helped to create more wealth in the colonies, and many people are better fed, better clothed and better housed than ever before.

(7) A lot has been done and much remains to be done; but success must depend on first class management, confident that it is trusted to use its commercial judgement in the best interests of overseas development and thus of Great Britain itself.

II FINANCIAL REPORT

15 Accounts for 1958

Accounts and supporting statements for year to 31.12.58 are:

statement 1 Balance Sheet
2 Consolidated Balance Sheet
3 Notes forming part of the Accounts
4 Consolidated Profit and Loss Account
5 Details of projects in Consolidated Profit and Loss Account
6 Details of assets and liabilities of projects
7 Investments at cost less amounts written off.

16 Balance Sheet and Consolidated Balance Sheet

(1) Specific provisions £217,251 (£214,500 at 31.12.57) include £75,000, £55,000 and £40,000 against investments in Tristan da Cunha Development Co Ltd (§ 89), Swaziland Canners (Pty) Ltd (§ 85) and Omo Sawmills of Nigeria Ltd (§ 99) respectively. In addition Corporation has provided each year for its share of losses in Omo Sawmills to 31.12.58 (£57,228).

(2) General provision against book value of projects and investments is reduced to £300,000 from £650,000 (31.12.57) by transfer of £350,000 (§ 17 (1)).

17 Consolidated Profit and Loss Account

(1) Amount written off shares and debentures in British Guiana Consolidated Goldfields Ltd £779,352 has been transferred to Special Losses Account (see previous reports). Book value of shares and debentures in Potaro Hydro-electric Co Ltd £70,648 (after transfer of £350,000—§ 5 (2)) has been written off.

(2) Balance of profit for year after these adjustments is £1,174,720 (1957 £332,868 after transfer of £400,000 to provision) which has been appropriated to Reserve Fund. Of this £1,049,231 has been applied to write off the balance of loss brought forward at 1.1.58, leaving a credit balance of £125,489 to be carried forward.

(3) Net profits from direct projects and subsidiary companies increased to £593,862 (1957 £227,909) (§ 5 (3) and (4)).

(4) Net revenue before administrative expenditure was £2,512,491 (1957 £1,569,930).

(5) Investigation expenditure written off, £22,094 (1957 £30,318) represents costs of 49 investigations, abortive and irrecoverable.

(6) Administrative expenditure before allocations to projects etc, was: head office £241,133 (1957 £201,117); regional offices £171,301 (1957 £160,335); end year staff at head office 169 (1957 158) and at regional offices 104 (1957 92).

31.12.57			
£	CAPITAL LIABILITY TO GOVERNMENT	£	£
45,000,600	Long term advances	47,994,920	
11,421,618	Medium term advances	12,211,618	
200,000	Short term advances	930,000	
—	Special term advances	210,000	
56,622,218			61,346,538
	CURRENT LIABILITIES		
4,221	Amounts owing to subsidiary companies	46,533	
1,016,132	Creditors and accrued charges	993,258	
78,926	Bank overdrafts...	11,412	
			1,051,203
1,370,308	PROVISIONS	... ...	1,001,066
	RESERVE FUND		
	Balance of profit for year (statement 4)	1,174,720	
(*Dr*)	*Less:* Amount applied to write off balance of losses		
1,049,231	brought forward at 1.1.58	1,049,231	
			125,489

Relevant notes in statement 3 form part of this Balance Sheet

(*Sgd.*) J. C. W. REITH
H. N. HUME *Members*
W. RENDELL *General Manager*

£58,042,574	£63,524,296

Report to the Colonial Development Corporation by the Auditors appointed under Section 16 (3)

We have audited the above Balance Sheet and have obtained all the information and explanations overseas offices, and the Balance Sheet is in agreement therewith.

We have examined the annexed Consolidated Balance Sheet (statement 2) and the Consolidated been audited by other firms. In our opinion the Balance Sheet and the Consolidated Accounts of affairs as at 31st December, 1958, and of the profit for the year ended on that date of the

11 Ironmonger Lane, London, E.C.2.
26th March 1959.

AT 31.12.58

31.12.57		Cost less sales	Depreciation and amounts written off	
£		£	£	£
	FIXED ASSETS			
5,198,171	Freehold and leasehold land, plantations, concessions, buildings and constructions	6,101,479	865,129	5,236,350
846,196	Plant and machinery	971,201	374,171	597,030
3,256	Ships and vessels	3,831	364	3,467
68,030	Land clearance equipment, tractors and agricultural equipment.. ...	226,872	153,001	73,871
74,093	Motor vehicles and rolling stock ...	166,500	111,246	55,254
70,360	Furniture, fixtures, office and hotel equipment	193,717	130,022	63,695
6,260,106		7,663,600	1,633,933	6,029,667
9,720	*PROGRESS PAYMENTS ON FIXED ASSETS* ...			—
30,337	SURPLUS ASSETS awaiting disposal at estimated realisable values			30,258
1,733,419	FORESTRY CROPS AT COST			1,331,577
	EXPENDITURE ON DEVELOPMENT INCLUDING REVENUE EXPENDITURE CARRIED FORWARD AT COST LESS AMOUNTS WRITTEN OFF			
198,689	Land clearance		115,842	
530,465	Mining investigations and development		462,213	
607,098	General development, surveys and revenue expenditure carried forward		545,019	
				1,123,074
	INVESTMENTS AT COST LESS AMOUNTS WRITTEN OFF			
3,587,405	Quoted (market value £3,073,500—*1957 £2,909,473*)		3,599,553	
24,704,267	Unquoted		27,945,132	
				31,544,685
	SUBSIDIARY COMPANIES			
5,791,100	Investments at cost less amounts written off ...		6,665,249	
4,790,808	Advances less amounts written off		6,007,377	
				12,672,626
48,243,414				52,731,887
	CURRENT ASSETS			
	Stocks, stores and livestock at cost or market value			
732,692	whichever is lower or at valuation		722,122	
94,667	Growing crops at cost or valuation		82,201	
533,099	Debtors and prepayments less provisions		684,206	
418,261	Cash at banks and in hand		504,087	
				1,992,616
	SPECIAL LOSSES ACCOUNT			
	Balance at 1.1.58		8,020,441	
	Amount transferred from Profit and Loss Account (statement 4)...		779,352	
8,020,441				8,799,793
£58,042,574				£63,524,296

of the Overseas Resources Development Act, 1948, by the Secretary of State for the Colonies.

which we considered necessary. Proper books have been kept and proper returns received from

Profit and Loss Account (statement 4). The accounts of certain of the subsidiary companies have together with the relative notes on statement 3 give respectively a true and fair view of the state Corporation and also of the subsidiary companies so far as concerns the Corporation.

(Sgd.) PEAT, MARWICK, MITCHELL & Co.
Chartered Accountants
Auditors

CONSOLIDATED BALANCE SHEET OF CORPORATION

31.12.57			
£		£	£
	CAPITAL LIABILITY		
56,622,218	Advances from Government		61,346,538
1,560,923	INTEREST OF MINORITY SHAREHOLDERS IN SUBSIDIARY COMPANIES OVERSEAS		2,136,972
	CAPITAL RESERVES		
19,907	Share premium	19,907	
6,860	Net excess of tangible assets at date of acquisition over cost of investments in subsidiary companies less amounts written off	7,043	
			26,950
	CURRENT LIABILITIES		
1,468,997	Creditors and accrued charges	1,623,487	
1,822,615	Building Society deposits	1,913,095	
122,251	Bank overdrafts—unsecured	65,035	
2,811,059	Bank loan—secured	2,592,612	
			6,194,229
	PROVISIONS		
214,500	Specific provisions	217,251	
158,257	*Replanting—rubber plantations*	—	
650,000	General provision against book value of projects and investments	300,000	
			517,251
	RESERVE FUND		
	Balance of profit for year (statement 4)	1,174,720	
(Dr) *1,049,231*	*Less:* Amount applied to write off balance of losses brought forward at 1.1.58	1,049,231	
			125,489

Relevant notes in statement 3 form part of this Balance Sheet.

£64,408,356		£70,347,429

AND SUBSIDIARY COMPANIES AT 31.12.58

31.12.57		Cost, net book value at date of acquisition of shares or valuation, less sales	Depreciation and amounts written off	
£		£	£	£
	FIXED ASSETS			
8,122,903	Freehold and leasehold land, plantations, concessions, buildings and constructions	10,918,093	1,758,537	8,439,556
2,161,293	Plant and machinery	2,923,956	845,516	2,078,440
158,479	Ships and vessels	255,062	117,505	137,557
137,049	Land, clearance equipment, tractors and agricultural equipment ...	518,775	349,397	169,378
251,332	Motor vehicles and rolling stock ...	538,036	296,079	241,957
134,081	Furniture, fixtures, office and hotel equipment	367,156	227,243	139,913
10,965,137		14,801,078	3,594,277	11,206,801
9,720	*PROGRESS PAYMENTS OF FIXED ASSETS* ...			—
47,080	SURPLUS ASSETS awaiting disposal at estimated realisable values			36,465
1,733,419	FORESTRY CROPS AT COST			1,888,204
	EXPENDITURE ON DEVELOPMENT INCLUDING REVENUE EXPENDITURE CARRIED FORWARD AT COST LESS AMOUNTS WRITTEN OFF			
198,689	Land clearance		243,277	
1,473,115	Mining investigations and development		1,356,595	
699,192	General development, surveys and revenue expenditure carried forward		653,768	
2,370,996				2,253,640
130,016	SHARES AT COST IN AND ADVANCES TO A SUBSIDIARY COMPANY NOT CONSOLIDATED			130,001
37,961,074	INVESTMENTS AT COST LESS AMOUNTS WRITTEN OFF (statement 7)			42,745,134
53,217,442				58,260,245
	CURRENT ASSETS			
1,660,759	Stocks, stores and livestock at cost or market value whichever is lower or at valuation less advances ...		1,573,687	
94,667	Growing crops at cost or valuation		84,399	
725,541	Debtors and prepayments less provisions		1,018,254	
661,825	Cash at banks and in hand		582,753	
3,142,792				3,259,093
27,681	PRELIMINARY EXPENSES OF SUBSIDIARY COMPANIES ...			28,298
	SPECIAL LOSSES ACCOUNT			
	Balance at 1.1.58		8,020,441	
	Amount transferred from Profit and Loss Account (statement 4)		779,352	
8,020,441				8,799,793
£64,408,356				£70,347,429

NOTES FORMING PART OF THE ACCOUNTS

(1) Maximum borrowing powers of Corporation—

(*a*) £150m;

(*b*) £10m temporarily by way of overdraft or otherwise.

(2) Assets and liabilities in colonial and foreign currencies have been converted at rates ruling at 31.12.58.

(3) Corporation has contractual commitments for capital expenditure of £68,000 (for group £120,000) and for debentures, loans and partly paid shares of £18m (for group £19m). Corporation is contingently liable in respect of guarantees.

(4) ' Freehold and leasehold land etc ' includes material expenditure on land at two projects, conveyance of which has not yet been completed.

(5) Accounts of Tristan da Cunha Development Co Ltd made up for twelve months to 30.6.58 have not been consolidated. Provision has been made in Corporation accounts for its share of accumulated losses less profits of Company.

(6) Under terms of Colonial Office directions long term (40 years) advances are repayable by annuities for 33 years beginning at end of seven years from 31st March following dates of advances. Interest charged in annuities is based on specific rates of interest applied to outstanding advances from date of each advance; precise method of calculation is under discussion between Corporation and Colonial Office. Aggregate amount of interest in future annuities attributable to so much of seven year periods as has elapsed to 31.12.58 is on Colonial Office basis £10,433,361; on Corporation basis £9,457,563; both figures before allowance for interest to be waived under Section 5 of Overseas Resources Development Act 1954. Amount of such waiver has not yet been ascertained but a provisional credit of £130,000 has been taken into account for the year 1958 *1957 £40,000* for interest portion of annuities charged in Profit and Loss Account.

(7) Total depreciation and amortisation charged by Corporation and its consolidated subsidiaries for year to 31.12.58 was £713,515 *1957 £551,527.* Amortisation of rubber plantations for year 1958 has been provided by a charge to depreciation. For years 1954–57 an annual charge to provision account for replanting rubber plantations was made; balance of this account at 31.12.57 (£158,257) has been transferred to depreciation.

CONSOLIDATED PROFIT AND LOSS ACCOUNT—YEAR TO 31.12.58

Year to 31.12.57		£	£	£
£				
227,909	NET PROFITS OF DIRECT PROJECTS AND SUBSIDIARY COMPANIES including credits in respect of prior years of £39,056 (per statement 5)			593,862
1,316,973	INCOME FROM INVESTMENTS (per statement 5)			1,535,979
25,048	PROFIT ON REALISATION OF LAND *INVESTMENTS*			382,650
1,569,930				2,512,491
17,039	AMOUNTS WRITTEN OFF AND PROVISIONS against abandoned and continuing projects and investments (less release of £350,000 from general provision)	890,081		
30,318	INVESTIGATION EXPENDITURE WRITTEN OFF	22,094		
223,100	ADMINISTRATIVE EXPENDITURE (head office and overseas offices)	266,988		
	Above administrative expenditure is stated after making allocations to:			
	1957 £ / £			
	66,487 Projects—revenue expenditure ... 81,662			
	29,441 Fixed assets and forestry crops ... 18,955			
	14,130 Expenditure on development etc ... 28,384			
	28,294 Investigations and abandoned projects 16,445			
	138,352 145,446			
	REMUNERATION OF MEMBERS			
3,633	Fees and expenses	7,288		
4,375	Salaries	5,250		
306	Insurance premium for pension for former member	305	12,843	1,192,006
1,291,159				1,320,485
74,994	COLONIAL INCOME TAX less net recoveries for prior years			118,234
1,216,165	CONSOLIDATED PROFIT OF CORPORATION AND SUBSIDIARIES, subject to interest payable to Government *and to transfer to general provision*			1,202,251
(Cr) 50,623	*Deduct:* Profits less losses attributable to interest of minority shareholders			7,552
1,266,788				1,194,699
533,920	*Deduct:* INTEREST PAYABLE TO GOVERNMENT less provisional amount credited in respect of interest waiver (see note 6) ...			799,331
732,868	CONSOLIDATED PROFIT ATTRIBUTABLE TO CORPORATION (being also PROFIT OF CORPORATION FOR YEAR after writing back provisions previously made for subsidiaries to extent of Corporation's share of profits less losses of subsidiaries for year carried forward in their accounts) *subject to transfer to general provision*			395,368
400,000	*Deduct: Transfer to general provision against book value of projects and investments*			—
	Add: Amount written off investment in and advances to British Guiana Consolidated Goldfields Ltd transferred to Special Losses Account (statements 1 and 2)			779,352
£332,868	BALANCE OF PROFIT FOR YEAR appropriated under Section 14 Overseas Resources Development Act 1948 to Reserve Fund (statements 1 and 2)			£1,174,720

Notes (6) and (7) on statement 3 form part of this Profit and Loss Account.

DETAILS OF PROJECTS SUPPORTING CONSOLIDATED PROFIT AND LOSS ACCOUNT—YEAR TO 31.12.58

1957			Net trading	
Loss	*Profit*		Loss	Profit
£	£		£	£
		DIRECT PROJECTS AND SUBSIDIARY COMPANIES		
—	57,782	British Guiana Timbers Ltd	—	62,719
664	—	British Honduras Fruit Co Ltd (citrus and cocoa)	—	3,736
—	3,149	Fort George Hotel	—	1,756
—	1,744	Dominica Electricity Services	—	14,101
5,475	—	Melville Hall Estate	9,828	—
—	5,174	Jamaica Cooling Store	—	7,785
—	15,372	St Vincent Electricity Services	—	17,301
—	158,403	Borneo Abaca Ltd	—	83,132
—	—	Mostyn Estates Ltd	19,319	—
—	248,315	Malaya Borneo Building Society Ltd	—	464,397
—	6,976	Kulai Oil Palm Estate	—	41,232
—	8,795	Singapore Factory Development Ltd	—	16,242
207,505	—	Macalder-Nyanza Mines Ltd	71,560	—
10,601	—	Kasungu Tobacco Estates	49,194	—
10,377	—	Vipya Tung Estates	16,402	—
2,221	—	Bechuanaland Cattle Ranch	—	7,812
689	—	Bushman Pits Ranch	606	—
187	—	Lobatsi Abattoir	—	38,024
—	9,823	Molopo Ranch and Settlement Scheme	—	21,213
18,366	—	Swaziland Irrigation Scheme	—	1,563
7,578	—	Nigeria Housing Development Society Ltd	9,061	—
39,060	—	Omo Sawmills of Nigeria Ltd	46,561	—
—	15,099	SUNDRY INCOME	—	35,380
302,723	530,632		222,531	816,393
	302,723			222,531
Net Profit	£227,909	NET PROFIT (statement 4)		£593,862
	Interest and Dividends			Interest and Dividends
		INVESTMENTS		
	12,379	Barbados Light & Power Co Ltd		13,125
	52,285	British Guiana Rice Development Co Ltd		55,653
	2,638	Jamaica Citrus Growers Ltd		2,086
	—	Jamaica Housing Development Co Ltd		2,918
	15,000	Jamaica Public Service Co Ltd		15,000
	—	Federation Chemicals Ltd		12,910
	54,397	Trinidad Cement Ltd		51,513
	300,853	Central Electricity Board, Malaya		300,853
	—	Block Hotels Ltd		903
	1,748	The Oceanic Hotel Ltd		7,400
	6,271	East Africa Industries Ltd		21,028
	56,527	Kenya Housing Authority		79,410
	12,991	Kenya Meat Commission		12,387
	192,500	Kenya Power Co Ltd		192,500
	11,535	Tangold Mining Co Ltd		36,818
	52,388	Unga Ltd		54,250
	—	Bird & Co (Africa) Ltd		6,366
	63,000	Kilembe Mines Ltd		64,500
	102,521	Central African Airways Corporation		101,375
	116,700	Federal Power Board		145,724
	84,643	Chilanga Cement Ltd		113,400
	12,540	Nyasaland African Housing		35,466
	57,032	Southern Rhodesia African Housing		59,434
	—	Mhlume (Swaziland) Sugar Co Ltd		19,792
	5,891	Ubombo Ranches (Pty) Ltd		5,891
	12,744	Coast Construction Co Ltd		14,475
	3,375	Amalgamated Engineering Co Ltd		3,375
	10,901	Coast Construction (Nigeria) Ltd		8,371
	—	The Nigerian Cement Co Ltd		14,062
	56,250	Lagos Executive Development Board		56,250
	19,864	Sundry		28,744
	£1,316,973	INCOME FROM INVESTMENTS (statement 4)		£1,535,979

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	British Guiana Timbers Ltd	British Honduras Fruit Co Ltd (citrus and cocoa)	Fort George Hotel
	£	£	£
FIXED ASSETS			
Freehold and leasehold land, plantations, concessions, buildings and constructions ...	712,249	124,604	231,760
Plant and machinery	415,350	512	2,160
Ships and vessels	186,865	—	3,256
Land clearance equipment, tractors and agricultural equipment	107,538	2,598	—
Motor vehicles and rolling stock	115,880	697	1,137
Furniture, fixtures, office and hotel equipment...	20,739	1,723	17,647
	1,558,621	130,134	255,960
Less DEPRECIATION			
Freehold and leasehold land, plantations, concessions, buildings and constructions ...	146,012	3,335	147,666
Plant and machinery	156,434	286	586
Ships and vessels	89,955	—	326
Land clearance equipment, tractors and agricultural equipment	73,421	1,971	—
Motor vehicles and rolling stock	76,474	406	427
Furniture, fixtures, office and hotel equipment...	14,123	1,182	8,263
	556,419	7,180	157,268
NET BOOK VALUE OF FIXED ASSETS	1,002,202	122,954	98,692
FORESTRY CROPS	—	—	—
LAND CLEARANCE	—	—	—
MINING INVESTIGATIONS AND DEVELOPMENT ...	—	—	—
GENERAL DEVELOPMENT, SURVEYS AND REVENUE EXPENDITURE CARRIED FORWARD	96,402	4,633	—
INVESTMENTS			
Shares in associated companies...	1,793	—	—
Debentures, secured and unsecured loans ...	—	—	—
Building Society advances on mortgage ...	—	—	—
CURRENT ASSETS			
Stocks, stores and livestock less advances ...	209,312	5,210	8,678
Growing crops	—	—	—
Debtors and prepayments, less provisions ...	85,104	145	4,853
Cash at banks and in hand	4,077	3,932	4,716
PRELIMINARY EXPENSES of subsidiary companies ...	10,151	—	—
TOTAL ASSETS	1,409,041	136,874	116,939
INTEREST OF MINORITY SHAREHOLDERS in subsidiary companies overseas	21,499	—	—
CREDITORS AND ACCRUED CHARGES	99,206	1,706	3,071
BUILDING SOCIETY DEPOSITS...	—	—	—
BANK LOANS AND OVERDRAFTS	4,001	—	—

LIABILITIES OF PROJECTS

Dominica Electricity Services	Melville Hall Estate	Jamaica Cooling Store	St Vincent Electricity Services	Borneo Abaca Ltd	Borneo Housing Development Ltd
£	£	£	£	£	£
113,610	40,983	98,040	91,576	1,973,920	—
120,383	4,011	38,206	163,180	370,165	—
207	—	—	—	63,768	—
—	2,918	—	—	75,508	—
2,418	6,250	4,490	2,019	188,391	714
4,683	1,422	2,129	2,790	35,875	66
241,301	55,584	142,865	259,565	2,707,627	780
19,432	6,992	17,515	14,683	551,080	—
25,483	982	13,422	31,169	133,645	—
23	—	—	—	26,602	—
—	786	—	—	46,803	—
1,047	4,531	3,548	722	71,816	—
3,738	966	1,918	1,630	18,387	—
49,723	14,257	36,403	48,204	848,333	—
191,578	41,327	106,462	211,361	1,859,294	780
—	—	—	—	—	—
—	5,551	—	—	—	—
—	—	—	—	—	—
984	—	5,836	—	56,008	102
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
11,031	2,658	1,636	20,350	302,922	99
—	9,063	—	—	—	—
5,254	100	10,641	6,188	55,678	840
3,256	1,847	7,107	3,239	42,580	150
—	—	—	—	—	—
212,103	60,546	131,682	241,138	2,316,482	1,971
—	—	—	—	44,215	—
8,155	579	2,160	7,026	86,200	159
—	—	—	—	—	—
—	—	—	—	—	—

	Mostyn Estates Ltd	Malaya Borneo Building Society Ltd	Johore Palm Processing Ltd
	£	£	£
FIXED ASSETS			
Freehold and leasehold land, plantations, concessions, buildings and constructions ...	154,780	156,125	71,034
Plant and machinery	4,995	—	192,636
Ships and vessels	—	—	—
Land clearance equipment, tractors and agricultural equipment	2,171	—	—
Motor vehicles and rolling stock	11,383	5,863	—
Furniture, fixtures, office and hotel equipment...	459	52,382	2,928
	173,788	214,370	266,598
Less DEPRECIATION			
Freehold and leasehold land, plantations, concessions, buildings and constructions ...	10,931	2,688	1,119
Plant and machinery	1,938	—	10,608
Ships and vessels	—	—	—
Land clearance equipment, tractors and agricultural equipment	587	—	—
Motor vehicles and rolling stock	1,552	3,653	—
Furniture, fixtures, office and hotel equipment...	91	33,211	406
	15,099	39,552	12,133
NET BOOK VALUE OF FIXED ASSETS	158,689	174,818	254,465
FORESTRY CROPS	—	—	—
LAND CLEARANCE	—	—	—
MINING INVESTIGATIONS AND DEVELOPMENT ...	—	—	—
GENERAL DEVELOPMENT, SURVEYS AND REVENUE EXPENDITURE CARRIED FORWARD	—	—	—
INVESTMENTS			
Shares in associated companies...	—	—	134
Debentures secured and unsecured loans ...	—	309,297	—
Building Society advances on mortgage ...	—	9,928,322	—
CURRENT ASSETS			
Stocks, stores and livestock less advances ...	13,960	—	10,114
Growing crops	—	—	—
Debtors and prepayments, less provisions ...	361	27,594	84
Cash at banks and in hand	345	9,279	92
PRELIMINARY EXPENSES of subsidiary companies ...	275	—	73
TOTAL ASSETS	173,630	10,449,310	264,962
INTEREST OF MINORITY SHAREHOLDERS in subsidiary companies overseas	—	1,840,849	—
CREDITORS AND ACCRUED CHARGES	3,678	394,153	5,463
BUILDING SOCIETY DEPOSITS...	—	1,912,534	—
BANK LOANS AND OVERDRAFTS	—	2,610,955	—

LIABILITIES OF PROJECTS

Kulai Oil Palm Estate	Singapore Factory Development (Singapore Factory Development Ltd)	Macalder–Nyanza Mines Ltd	Liganga Iron and Tanganyika Coalfields Investigations	Tanganyika Wattle Co Ltd	Kasungu Tobacco Estates
£	£	£	£	£	£
854,985	25,751	628,904	—	280,295	93,967
24,410	—	673,175	1,891	250,376	12,029
—	—	—	—	—	—
7,947	—	13,815	—	55,327	15,219
5,659	—	6,290	—	27,442	4,584
11,448	—	37,150	—	14,481	5,020
904,449	25,751	1,359,334	1,891	627,921	130,819
54,671	—	87,610	—	43,713	24,535
15,462	—	135,559	1,822	8,936	4,232
—	—	—	—	—	—
3,662	—	13,815	—	40,863	6,226
5,001	—	5,302	—	8,203	3,286
5,586	—	16,841	—	10,163	4,180
84,382	—	259,127	1,822	111,878	42,459
820,067	25,751	1,100,207	69	516,043	88,360
—	—	—	—	779,640	—
—	—	—	—	127,435	643
—	—	927,662	497,213	—	—
148,222	—	—	—	8,158	7,895
—	—	—	—	—	—
—	195,294	—	—	—	—
—	—	—	—	—	—
30,066	—	176,175	—	69,674	12,830
—	—	—	—	2,198	7,998
24,356	2,369	92,185	—	4,733	2,727
109	4,264	6,309	4	5,032	1,542
—	—	5,169	—	3,960	—
1,022,820	227,678	2,307,707	497,286	1,516,873	121,995
—	—	34,776	—	50,000	—
11,297	22,673	78,010	25	77,771	7,597
—	—	—	—	—	—
—	—	—	—	—	—

	Vipya Tung Estates	Bechuanaland Cattle Ranch	Bushman Pits Ranch
	£	£	£
FIXED ASSETS			
Freehold and leasehold land, plantations, concessions, buildings and constructions ...	897,432	99,781	10,347
Plant and machinery	39,548	18,216	2,539
Ships and vessels	—	—	—
Land clearance equipment, tractors and agricultural equipment	19,521	10,284	—
Motor vehicles and rolling stock	6,015	5,781	1,190
Furniture, fixtures, office and hotel equipment	7,467	5,971	495
	969,983	140,033	14,571
Less DEPRECIATION			
Freehold and leasehold land, plantations, concessions, buildings and constructions...	235,020	38,001	3,440
Plant and machinery	7,466	11,090	877
Ships and vessels	—	—	—
Land clearance equipment, tractors and agricultural equipment	10,346	7,904	—
Motor vehicles and rolling stock	5,454	3,315	416
Furniture, fixtures, office and hotel equipment	6,938	5,211	168
	265,224	65,521	4,901
NET BOOK VALUE OF FIXED ASSETS	704,759	74,512	9,670
FORESTRY CROPS	—	—	—
LAND CLEARANCE	—	—	—
MINING INVESTIGATIONS AND DEVELOPMENT ...	—	—	—
GENERAL DEVELOPMENT, SURVEYS AND REVENUE EXPENDITURE CARRIED FORWARD	—	—	2,321
INVESTMENTS			
Shares in associated companies	—	—	—
Debentures, secured and unsecured loans ...	—	—	—
Building Society advances on mortgage ...	—	—	—
CURRENT ASSETS			
Stocks, stores and livestock less advances ...	24,439	176,807	—
Growing crops	—	783	—
Debtors and prepayments, less provisions ...	5,906	2,360	14,096
Cash at banks and in hand	2,118	862	—
PRELIMINARY EXPENSES of subsidiary companies ...	—	—	—
TOTAL ASSETS	737,222	255,324	26,087
INTEREST OF MINORITY SHAREHOLDERS in subsidiary companies overseas	—	—	—
CREDITORS AND ACCRUED CHARGES	6,788	8,015	95
BUILDING SOCIETY DEPOSITS	—	—	—
BANK LOANS AND OVERDRAFTS	—	—	11,412

LIABILITIES OF PROJECTS

Lobatsi Abattoir (Lobatsi Abattoir Ltd)	Molopo Ranch and Settlement Scheme	Swaziland Irrigation Scheme	Usutu Forests	Nigeria Housing Development Society Ltd	Omo Sawmills of Nigeria Ltd
£	£	£	£	£	£
336,431	103,605	1,912,539	999,259	25,834	150,239
379,734	17,073	76,239	98,613	—	75,604
—	—	—	—	—	598
—	2,168	153,816	14,999	—	36,787
1,178	2,458	45,620	64,187	1,441	22,846
17,549	2,382	17,722	8,566	3,174	4,462
734,892	127,686	2,205,936	1,185,624	30,449	290,536
47,994	26,374	121,063	79,524	88	63,179
148,313	8,704	44,526	59,329	—	40,459
—	—	—	—	—	584
—	1,294	113,769	9,014	—	19,120
666	1,647	36,162	36,939	591	16,980
9,812	1,762	12,456	4,539	315	2,502
206,785	39,781	327,976	189,345	994	142,824
528,107	87,905	1,877,960	996,279	29,455	147,712
—	—	—	1,845,543	—	—
—	—	109,648	—	—	—
—	—	—	—	—	—
—	23,337	297,601	113,741	—	7,200
—	—	34	262	—	—
—	—	—	—	46,500	—
—	—	—	—	113,796	—
29,670	132,543	202,294	58,013	96	65,606
—	—	55,546	8,811	—	—
85,526	2,194	34,989	30,136	105	26,006
77,160	572	21,168	6,777	1,803	218
328	—	—	—	7,227	—
720,791	246,551	2,599,240	3,059,562	198,982	246,742
—	—	—	—	77,191	68,442
62,886	4,646	37,716	28,618	5,177	41,614
—	—	—	—	561	—
—	—	—	—	—	31,279

INVESTMENTS AT COST LESS AMOUNTS WRITTEN OFF

	£	£
SHARES IN ASSOCIATED COMPANIES		
(*a*) quoted		
Chilanga Cement Ltd (market value £747,692)		553,846
(*b*) unquoted		
Federation Chemicals Ltd	6,818	
Trinidad Cement Ltd	977,500	
Malayan Cocoa Ltd	46,666	
United Cocoa Development Co Ltd	19,071	
Block Hotels Ltd	40,000	
East Africa Industries Ltd	194,000	
Unga Ltd	250,000	
Rungwe Coal Co Ltd	4,375	
Tangold Mining Co Ltd	440,000	
Kilembe Mines Ltd	1,140,000	
Chilanga Cement Ltd	157,500	
Mhlume (Swaziland) Sugar Co Ltd	250,000	
Coast Construction Co Ltd...	50,000	
Coast Construction (Nigeria) Ltd	30,000	
Ilushin Estates Ltd	66,250	
The Nigerian Cement Co Ltd	187,500	
Northern Housing Estates Ltd	10,000	
Sundries	2,754	
		3,872,434
DEBENTURES, SECURED AND UNSECURED LOANS		
(*a*) quoted		
Kenya Power Co Ltd	3,499,553	
Bird & Co (Africa) Ltd	100,000	
(market value £3,073,500) ...		3,599,553
(*b*) unquoted		
Barbados Light & Power Co Ltd	250,000	
British Guiana Rice Development Co Ltd	1,292,000	
Cayman Islands Airport	41,625	
Jamaica Citrus Growers Ltd	39,000	
Jamaica Housing Development Co Ltd	183,375	
Jamaica Public Service Co Ltd	294,000	
Federation Chemicals Ltd	493,182	
Central Electricity Board, Malaya	7,077,950	
Block Hotels Ltd	15,000	
East Africa Industries Ltd	157,667	
Kenya Housing Authority	2,000,000	
Kenya Meat Commission	212,500	
The Oceanic Hotel Ltd	125,000	
Unga Ltd	600,000	
Bird & Co (Africa) Ltd	150,000	
Mbeya Exploration Co Ltd...	376,920	
Rungwe Coal Co Ltd	30,625	
Tangold Mining Co Ltd	700,000	
Kilembe Mines Ltd	1,000,000	
Central African Airways Corporation	1,750,000	
Federal Power Board	2,950,000	
Nyasaland African Housing...	1,000,000	
Southern Rhodesia African Housing	1,000,000	
High Commission Printing and Publishing Co Ltd ...	6,000	
Mhlume (Swaziland) Sugar Co Ltd	519,356	
Swaziland Canners (Pty) Ltd	80,571	
Ubombo Ranches (Pty) Ltd	91,633	
Coast Construction Co Ltd...	190,000	
Amalgamated Engineering Co Ltd	50,000	
Coast Construction (Nigeria) Ltd	203,625	
Lagos Executive Development Board	1,250,000	
Advances on mortgage	237,857	
Sundries	309,297	
		24,677,183
BUILDING SOCIETY ADVANCES ON MORTGAGE		
Malaya Borneo Building Society Ltd	9,928,322	
Nigeria Housing Development Society Ltd	113,796	
		10,042,118
per statement 2		£42.745 134

III PROJECT REPORTS

CARIBBEAN REGION

18 Regional summary

(1) There are 15 projects in the West Indies federated territories, British Guiana and British Honduras; total capital approved at 31.12.58 £8,862,000, £6,161,000 spent.

(2) One new business—Federation Chemicals Ltd, sponsored by W. R. Grace & Co of New York—was started in Trinidad; the fertilizer factory should be in full production by October 1959.

(3) Further loans were approved for Barbados Light & Power Co Ltd and Jamaica Citrus Growers Ltd; expansion schemes were approved for Dominica Electricity Services, the cold store in Jamaica, and Melville Hall Estate. British Guiana Consolidated Goldfields Ltd and its subsidiary Potaro Hydro-electric Co Ltd, were consistently losing money and on November 27 CDC appointed (under debentures) a Receiver and Manager; dredges have been laid up, hydro-electric plant put on care and maintenance pending disposal. It is a melancholy end to the sustained effort of many years against great odds.

(4) As mentioned last year CDC has several hotel schemes under consideration; electricity supply schemes have been investigated in islands not now served; tourism and its ancillary trades still seem the most promising in this region.

(5) Special attention has been given to training West Indians for technical, accounting and managerial posts; many such posts at Regional Office and on jobs are held by local men.

BARBADOS

19 The Barbados Light & Power Co Ltd

(1) (*a*) Issued capital BWI$3,727,880 (£776,462) in 645,576 $5 ordinary shares (owned by parent UK Barbados Electricity Supply Cpn Ltd) and 100,000 5½% preference shares of $5 each held by Barbados public; (*b*) £250,000 secured loan from CDC, with conversion rights for 25% outstanding balance at any time; fully drawn.

(2) (*a*) Existing loan took care of past expansion needs; current excess demand to be met by new plant expected to start mid-1959;

(*b*) negotiations far advanced for further £400,000 assistance by CDC.

(3) Sales 23,304,320 kwh in year ended 30.6.58 (20,542,589 kwh in 1956/57), 13% increase.

(4) Profit for year to 30.6.58, £51,924 (previous year £36,384) before tax.

BRITISH GUIANA

20 British Guiana Consolidated Goldfields Ltd

Potaro Hydro-electric Co Ltd

(1) By BGCG Ltd board decision of 24.11.58, the company ceased operations. On 27.11.58 CDC, in exercise of its rights as secured creditor, appointed Mr W. B. S. Walker, ACA, of Messrs Peat, Marwick, Mitchell &

Co Receiver and Manager of the property of both companies (after a two years' moratorium). Both dredges were laid up and the hydro-electric installation put on care and maintenance by mid-February. A sad end to CDC's very first project.

(2) CDC's investment in BGCG Ltd (a public United Kingdom company with £294,628 issued share capital) and its British Guiana subsidiary at date of Receiver's appointment was—

	£	£	£
BGCG Ltd—shares	87,894		
1948 loan ...	178,704		
1951 loan ...	472,743		
		739,341	
PHECo Ltd—shares ...	72,000		
loans ...	340,000		
		412,000	
			1,151,341

In addition advances to BGCG Ltd from the CDC credit (£80,000) reported last year were £46,781. Advances of £15,473 had been made to the Receiver at 31.12.58.

(3) The second (Konawaruk) dredge had at last been brought into operation at end 1957, almost ten years after the plan to work that area had first been conceived. The dredge was given every chance to get through teething troubles but never approached the gold recovery necessary to pay for itself. Bought second-hand when the Korean war put steel cost up so high that a new dredge would have been prohibitive, it proved unsuitable to the local conditions without major modification despite expert advice at the time of purchase.

(4) Apart from interruptions caused by strikes in February and October, the Potaro dredge worked throughout the year with moderate success. It recovered 10,142 oz gold from 1,296,481 cu yds dredged and 49 carats of diamonds (value £3,675) after an experimental modification.

(5) In October BGCG Ltd board laid up Konawaruk dredge and issued statement to Stock Exchange and press 4.11.58—

> " The Board of British Guiana Consolidated Goldfields Ltd announces that in the face of a fixed price for gold, steadily rising costs of labour and materials, combined with technical difficulties and labour troubles, dredging operations on the Konawaruk river are uneconomic. The Board has decided to cease operating in that area and has placed the dredge on a care and maintenance basis.
>
> The cost of dredging in British Guiana has greatly increased over the past seven years and the Board is actively engaged in re-appraising the company's future."

(6) BGCG Ltd board considered continued working of Potaro dredge alone but faced with continued pressure for higher wages from a labour union more used to dealing with rich aluminium companies than poor gold companies, coupled with company's grave financial situation, decided

on 24.11.58 to close down operations altogether; board informed CDC and issued statement to Stock Exchange and press 27.11.58—

> " The Directors have now reviewed the financial position of the company and have received further technical advice on the prospects of successful operations on its properties in British Guiana in the face of rising costs, the failure of the Konawaruk dredge to operate satisfactorily, and the static price of gold. They have decided, in view of the loss during the year to date of more than £130,000, bringing the cumulative loss to nearly £200,000, and in view of the unavailability of further finance, that the company must cease operations. They have so advised the debenture holder, the Colonial Development Corporation, and it is understood that a Receiver and Manager is being appointed."

CDC had previously been sounded as to further finance (no other source being in sight) and had said its limit had been reached.

(7) (*a*) CDC was under official pressure to make the original investment in 1948 when the winning of gold in the sterling area was considered of special importance; the project was always marginal and the cost increases over the last ten years, during which wage rates rose by more than 120%, without any increase in the gold price would have made it hard to carry on even with the best of management and luck;

(*b*) BGCG Ltd's June 1948 capital estimates for a two dredge operation, on which the first (1948) CDC loan was made, were £250,000. In 1950 new company manager reassessed the scheme, amending the estimates to a total of £765,000; this, on which second CDC loan was made in 1951, would have proved near the mark had the Konawaruk dredge been satisfactory;

(*c*) CDC was appointed mining engineering and geological consultants in 1952; recruited the mine manager. Civil engineering, dredging, electrical and other aspects of the company's operations were covered by professional consultants;

(*d*) in August 1953 BGCG Ltd, having obtained CDC undertaking to provide finance, decided to install a hydro-electric station on the Potaro river which was expected to lead to a substantial saving in operating costs; subsidiary company was formed in British Guiana in which CDC held 45% of share capital; estimated cost of installation, based on the advice of qualified hydro-electric consultants, was £340,000 (including £40,000 thermal plant taken over from the parent company); abnormal floods for three years running (1954–56) during usually dry seasons severely hampered construction, raising cost by £140,000 to £480,000; although hydro power has been generated since June 1957 the weir dam in only partly closed.

21 British Guiana Rice Development Co Ltd

(1) Loan of £1,042,000 (1953/57) guaranteed by BG Government, repayable 1958/62, for improvement and expansion of rice milling; also short term loans of £250,000 maximum for seasonal working, drawn at 31.12.58.

(2) At Company request, supported by BG Government, CDC agreed one year's deferment of first repayment due 9.4.58; request now being considered

for further deferment to 30.6.59 of repayments totalling £448,000 due March/April pending Government decisions on reorganisation of rice development agencies.

22 British Guiana Timbers Ltd

(1) (*a*) Issued capital BG$7,248,000 (£1,510,000); CDC holding increased by BG$50,000 to BG$7,123,200 (£1,484,000) by purchase of shares from Greenheart (Demerara) Inc (GDI) on Mr Alexander Chatin's retirement as president; balance held by Industrial Holdings (BG) Ltd (Bookers);

(*b*) Company's loan account with CDC further reduced from £213,414 to £55,771.

(2) From 1.1.59 N American sales are handled by joint US sales company with Millars' Timber & Trading Co Ltd using GDI name.

(3) (*a*) 1958 sales again a record despite some drop in demand in second half of year;

(*b*) deliveries from forest 28,842 tons (1957 28,597 tons); felling reduced at year end to avoid accumulation of stocks;

(*c*) Houston sawmill output 13,328 tons (of 50 cu ft) of lumber compared with 13,761 tons in 1957.

(4) (*a*) Sales were:

	1958		1957	
	tons	£	*tons*	£
Logs and piling	9,284	210,700	7,188	166,527
Lumber	13,562	447,628	14,379	455,745
	22,846	£658,328	21,567	£622,272

(*b*) stocks of logs, piling and lumber down;

(*c*) exports increased to £416,081 (1957 £378,148);

(*d*) markets by value were:

	1958	1957
UK and Continent	37%	32%
USA	18%	25%
West Indies	8%	4%
Local...	37%	39%

(*e*) sawmill continued to fabricate timber to special requirements; new machinery is being installed to expand this activity.

(5) (*a*) Company is training Guianese for senior management positions; several have now been promoted to supervisory grades;

(*b*) 850 Guianese employed; labour relations remain good; new agreement being negotiated with Sawmill and Forest Workers Union; in co-operation with Union, Company started first Works Productivity Council in British Guiana.

(6) Net profit was £62,719 (1957 £57,782) before charging interest £9,284 (1957 £14,223).

(7) Production costs will increase as length of extraction routes increases; these must be offset by improved efficiency and bigger production; market prospects for 1959 are fair.

BRITISH HONDURAS

23 British Honduras Fruit Co Ltd (citrus and cocoa)

(1) Capital at 31.12.58 £132,180 wholly owned by CDC.

(2) (*a*) Company has 506 acres citrus, 60 acres cocoa (29 acres planted during year);

(*b*) proposals to plant more cocoa and introduce coconuts are being examined on site.

(3) (*a*) 9,521 boxes of oranges produced (1957 4,449); price better than last year;

(*b*) small cocoa crop sold forward at satisfactory price.

(4) Profit £3,736 (1957 loss £664).

24 Fort George Hotel

(1) Capital at 31.12.58 £113,868 (after writing off £150,000 in 1953).

(2) Custom in main season January–April dropped slightly below 1957 level but increased later in year.

(3) Dinkler Hotels Inc of Atlanta, Georgia, gave up management at end February on completing agreed trial period when, to CDC regret, plans for continued association fell through; CDC reluctantly resumed direct control with manager recommended by Dinklers.

(4) Government Tourist Board has been reconstituted and has now included hotel pier in new plans to attract tourists; CDC hopes Government will get on with the job quickly.

(5) US dollar receipts increased to $72,000 (1957 $60,000).

(6) Revenue £65,173 (1957 £57,401) but costs increased and profit fell to £1,756 (1957 £3,149).

DOMINICA

25 Dominica Electricity Services

(1) Capital £207,581.

(2) (*a*) Demand grows, peak load being met with difficulty; balancing tank and water economisers being put in to make best use of available water;

(*b*) further investigation showed additional hydro-electric development practicable; orders placed for new plant to be installed 1959/60.

(3) Outstanding issues were at last settled with Government; revised tariff from 1.10.58.

(4) (*a*) Sales increased by 13.6% to 1,942,753 kwh (1957 1,710,000 kwh); costs show further reduction;
(*b*) profit £14,101 before interest £11,377, includes £7,413 revenue from former years arising from payment of disputed claim.

26 Melville Hall Estate

(1) Capital at 31.12.58 £63,628.

(2) (*a*) 296 acres bananas, 223 acres coconuts, 50 acres cocoa; also some citrus and coffee;

(*b*) over 100 acres bananas replanted.

(3) (*a*) Banana crop severely damaged by drought and wind; crop (846 tons) improved on 764 tons in 1957 but still only about half 1955 and 1956;

(*b*) copra sales 66.64 tons (1957 97.82);

(*c*) cocoa continued to do well; first small shipment realised £360 per ton, quality satisfactory.

(4) (*a*) Banana prices fell sharply in last quarter of 1958 and stayed very low into 1959;

(*b*) Report of 1958 Inquiry into operations of Dominica Banana Association (DBA) criticised use of " Price Assistance Fund "—intended as support in times of low prices—to provide working capital; as a major producer, CDC hopes DBA's affairs will be so ordered that obligations can be met.

(5) Sales £24,524 (1957 £24,000); net loss £9,828 (1957 £5,475).

(6) With normal weather and recovery in prices, results should be better in 1959.

(7) Government road (long agitated for) will be of great help to outlying estate.

JAMAICA

27 Cayman Islands Airport

(1) Loan £55,500 (1953) to finance construction; repayment by 20 annual instalments; £41,625 outstanding.

(2) Principal and interest secured by Island's revenue and guaranteed by Government.

(3) Airport now takes BWIA Viscounts between Jamaica and Florida; more hotels have been built and tourist trade is increasing.

28 Jamaica Citrus Growers Ltd

(1) (*a*) Loan £110,000 (1951) for extension of fruit processing factory; repayable over ten years from 31.3.52; £39,000 outstanding;

(*b*) further loan approved in 1958 of £57,000 for fruit processing, through newly acquired Caribbean Preserving Co Ltd; nothing drawn at 31.12.58.

(2) Principal and interest secured on assets and guaranteed by parent company, Citrus Growers Association Ltd.

Cocoa plantation on estate of
British Honduras Fruit Co Ltd
(citrus and cocoa).

Early building stage of new fertiliser factory
of Federation Chemicals Ltd, Trinidad.

29 Jamaica Cooling Store

(1) Capital at 31.12.58 £108,621.

(2) Store has 70,000 cu ft cooling space and 14,000 cu ft cold storage; CDC has also rented Jamaica Cold Storage Ltd cold store of 20,000 cu ft.

(3) Fall in citrus crop for export has decreased demand for cooling space; but bigger tourist trade and rising standard of living have increased demand for cold storage of dried goods and perishable foodstuffs.

(4) CDC is talking to local refrigeration interests about association.

(5) Net profit £7,785 on revenue £40,052 (1957 £5,174 on £31,471); prospects favourable.

30 Jamaica Housing Development Co Ltd

(1) Company formed by The Standard Life Assurance Co of Edinburgh and CDC, each owning half £1,000 capital.

(2) Partners have each undertaken to provide up to £750,000 loan capital as required for development programme; at 31.12.58 Standard and CDC had both advanced £183,375.

(3) Standard and CDC each have two members on Company board; Standard provide management.

(4) Company lends on mortgage (with life assurance collateral) to purchasers of houses built on Mona Housing Estate just outside Kingston by West Indies Building Ltd, formed by local interests; loans granted up to 85% of cost price, any excess over 60% being guaranteed by Jamaica Government, who have also provided land on favourable terms.

(5) (*a*) Construction of these three-bedroomed single storey houses is by poured concrete; price £2,900;

(*b*) programme 700 houses of which 277 completed and 138 in hand at 31.12.58; rest to be finished by 30.6.59;

(*c*) 177 mortgages effected; far more houses bought for cash than expected; the £1.5m loan will not all be needed.

31 Jamaica Public Service Co Ltd

(1) Ten-year loan (1953) of £300,000 issued at 98% repayable at par; principal and interest secured on assets.

(2) Company responsible for electricity supply to 12 of Jamaica's 14 parishes including Kingston and St Andrew.

(3) (*a*) Power generated 208m units increased by 8.3% over 1957 (192m units);

(*b*) number of consumers increased in year from 43,336 to 46,900.

(4) (*a*) Sales increased from 160m units in 1957 to 173.5m;

(*b*) operating revenue £1.8m (1957 £1.7m).

ST VINCENT

32 St Vincent Electricity Services

(1) Capital £234,112.

(2) Peak demand outstripped capacity in 1957; new 310 kw diesel generating set installed November 1958; takes peak loads and provides standby; new ice plant (four tons per day) being rigged.

(3) Plans for further hydro-electric development either on Richmond or Colonarie rivers are under consideration against future load increase.

(4) (*a*) Sales up 16% to 2,324,800 kwh (1957 2 million kwh);
(*b*) profit £17,301 (1957 £15,372) before interest £9,100.

TRINIDAD

33 Federation Chemicals Ltd

(1) New company of W. R. Grace & Co group (New York) registered in Bermuda to erect and operate fertilizer factory in Trinidad.

(2) CDC agreed to lend £1m ranking pari passu with US$8,200,000 loans from American sources; CDC will also have £13,636 of common stock (7½% of share capital).

(3) Regional Controller on board.

(4) (*a*) Separate plants will produce sulphuric acid and anhydrous ammonia for manufacture of ammonium sulphate and urea in a third plant;
(*b*) site preparation at Claxton Bay completed and erection begun; one plant expected finished by mid-year and others before year-end.

(5) This is an example of co-operation between American and British capital in bringing a major industry to a colonial territory.

(6) £500,000 drawn at 31.12.58 and £6,818 stock allotted.

34 Trinidad Cement Ltd

(1) (*a*) Issued capital BWI$7,680,000; 597,600 $5 ordinary shares ($2,988,000) and 938,400 $5 5% cumulative redeemable preference ($4,692,000);

(*b*) The Rugby Portland Cement Co Ltd owns all ordinary shares, CDC all preference;

(*c*) CDC holding reduced to $4,692,000 (£977,500) by redemption of 55,200 preference shares.

(2) Another good year; preference dividend received by CDC £51,513.

(3) Additional plant came into production during year; bound to be further expansion.

FAR EAST REGION

35 Regional summary

(1) Capital approved for 15 projects in Federation of Malaya, Singapore, Fiji and Borneo territories £18,631,000; spent £15,069,000.

(2) Regrettably no new investments can be made in Federation of Malaya, where CDC now operates through an agency subsidiary, Malaya Developments Ltd. In Sarawak two new jobs began on a small scale—Borneo Housing Development Ltd and Borneo Development Corporation Ltd, both with offices in Kuching. A new factory estate was approved at Singapore under the aegis of Singapore Factory Development Ltd.

(3) In general existing projects did well, but Malaya Borneo Building Society's further expansion ought now to depend on capital provided from private sources. At Borneo Abaca Ltd and Kulai Estate fall in rubber and palm oil prices was offset by increased production.

(4) North Borneo, with its good soils well surveyed and a population adequate in numbers and in spirit, can now be most rewarding to increased investment; Government and people have lifted themselves over the economic hump; CDC at year-end had four possible new jobs under investigation.

(5) Sarawak is still a problem economically—falling production, poor soils, little basic data; communications to wherever the more fertile land can be found, and for its development, are urgently needed.

(6) Fiji—much in need and always in mind, twice visited but without result so far—has the gravest problems ahead if productivity of land is not increased; hotels and tourists may help, and CDC would willingly finance an efficient organisation; but CDC would rather have a hand here and elsewhere in increasing the per acre and per caput production of the indigenous people from their land; it will renew its efforts to find ways to help—and hopes for effective local co-operation.

BORNEO TERRITORIES

36 Borneo Abaca Ltd

(1) (*a*) Issued capital M$17,142,900 (£2m); M$16,714,300 (£1,950,000) held by CDC and M$428,600 (£50,000) by Harrisons & Crosfield Ltd;
(*b*) CDC loan account £608,396 at 31.12.58 (1957 £555,497);
(*c*) Company's main crops are abaca (manila hemp) and rubber; a cocoa plantation is in course of development; Mostyn Estates Ltd took over Mostyn plantations on 1.1.58 (§ 39).

(2) *Abaca*

(*a*) Acres under cultivation 31.12.58:

	Mature	*Immature*	*Total*	
			31.12.58	31.12.57
Table	1,726	790	2,516	2,183
Balung	695	80	775	705

New plantings of 322 acres at Table and 70 acres at Balung were completed;

(*b*) crops were:

	1958	1957	1956
	tons	*tons*	*tons*
Table	1,725	1,902	1,589
Balung	316	461	387
	2,041	2,363	1,976

(*c*) 1958 crop decline due to severe windstorm July 1957 followed by serious drought at end 1957 and early 1958;

(*d*) bunchy top disease further declined to 2,432 cases (1957 5,574);

(*e*) sales £309,829 (1957 £394,987); prices fell mid-year, but picked up later and were favourable for 1959 contracts made so far;

(*f*) trading profit £15,507 (1957 £72,733) after charging export duty £12,490 and amortisation of plantation £18,098.

(3) *Rubber*

(*a*) Record crop of 5,943,947 lb (1957 5,605,734 lb) despite reduction of 528 acres old rubber cleared for replanting;

(*b*) acreage;

		31.12.58	31.12.57
Mature	... ...	10,756	11,284
Immature	1953–56	995	995
	1957 completed	804	553
	1957 being cleared	—	251
	1958 completed	808	—
	1959 being cleared	185	—
		13,548	13,083

(*c*) sales £548,882 (1957 £546,660); average fob price 20.70d per lb (23.17d in 1957);

(*d*) trading profit £113,084 (1957 £155,507) after charging £39,842 export duty and £36,138 for rubber amortisation; selling prices fell at beginning of year but recovered in last quarter.

(4) *Cocoa*

(*a*) 1956/58 programme of 600 acres commercial planting of amelonado fell short by 86 acres due to temporary seed shortage; full acreage to be planted by May 1959;

(*b*) rate of growth very good and well reported on by visiting experts;

(*c*) plans for expansion being prepared in consultation with CDC cocoa consultant Mr O. J. Voelcker.

(5) *General*

(*a*) Total sales £858,711 (1957 £941,647);

(*b*) net profit £83,132 (1957 £158,403) after charging £50,832 administration expenses;

(*c*) average labour force 3,200, wages paid £366,796; Company provided education, medical and social services at direct cost of £28,574 in addition to capital expenditure on housing and amenities £41,438.

(6) Approved long term planting programmes include:

(*a*) long term rubber replanting 9,385 acres and 2,000 acres new planting to establish estate of 11,385 acres high yielding rubber by 1976;

(*b*) extension of 1,000 acres abaca on Table estate subject to Government undertaking long term disease control outside Company boundaries and decent long term export duty formula.

These developments, together with proposed expansion of cocoa, should consolidate Company's position as a diversified plantation group contributing recognisably to North Borneo.

37 Borneo Development Corporation Ltd

(1) CDC wholly owned subsidiary incorporated 1958 in Sarawak, initially with nominal capital M$25,000 (£2,917), to investigate possibilities of

small scale development in Borneo territories (North Borneo, Sarawak, Brunei); co-operation and financial participation in projects is expected from government development organisations.

(2) Capital will be increased as business expands.

(3) Board has three members with Regional Controller chairman.

(4) As a start Sarawak Government and Sarawak Development Finance Corporation have been asked to stand in on development of two industrial sites in Kuching on lines of successful Singapore Factory Development scheme (§50).

38 Borneo Housing Development Ltd

(1) (*a*) New company took over at 1.1.59 Malaya Borneo Building Society's existing mortgages in Borneo (M$297,137) and to do mortgage business in three territories (North Borneo, Sarawak and Brunei);

(*b*) authorised share capital M$10m (£1,166,667); CDC has agreed to put up M$2m part equity and part loan; Government of Sarawak will subscribe M$500,000 in equity; loan capital is being sought from other local sources.

(2) At 31.12.58 paid up capital a nominal M$7 (£1); CDC has advanced £1,811.

(3) (*a*) Regional Controller is chairman; directors include representatives of Sarawak Government and local commercial interests;

(*b*) Malaya Borneo Building Society retained as consultants.

39 Mostyn Estates Ltd

(1) (*a*) Authorised capital M$20,750,000 (£2,420,833); issued M$1,608,590 (£187,669)—Borneo Abaca Ltd M$1,328,570, CDC M$280,020;

(*b*) CDC also advanced M$58,470 (£6,822) on current account at 31.12.58.

(2) New company took over all Borneo Abaca Ltd assets at Mostyn on 1.1.58.

(3) Development programme (£1,360,000) is to:

(*a*) plant 3,000 acres oil palms, a new crop for N Borneo;

(*b*) plant, or secure planting by smallholders of 2,000 acres oil palms on land to be leased from Government;

(*c*) provide processing factory and sales organisation.

(4) Abaca will be continued as a subsidiary crop; other crops (eg cocoa) may be grown later.

(5) Progress in 1958:

(*a*) *Oil palms*

(i) seed germination good;

(ii) 59,345 seedlings in nursery at year end doing very well;

(iii) 20 acres trial field planting.

(*b*) *Abaca*

(i) 761 acres under cultivation at year end; 554 acres mature, 207 immature;

(ii) 1958 crop 169 tons (1957 431 tons); severe droughts contributed to very low yield; crop now looking up, but estimate for 1959 only 290 tons;

(iii) bunchy top disease further reduced; 2,609 eradications (1957 4,281);

(iv) trading loss £19,319 after charging export duty £1,373.

FEDERATION OF MALAYA AND SINGAPORE

40 Malaya Borneo Building Society Ltd

(1) (*a*) Authorised share capital M$50m (£5,833,333);

(*b*) issued share capital and borrowings at 31.12.58 were (in M$m):

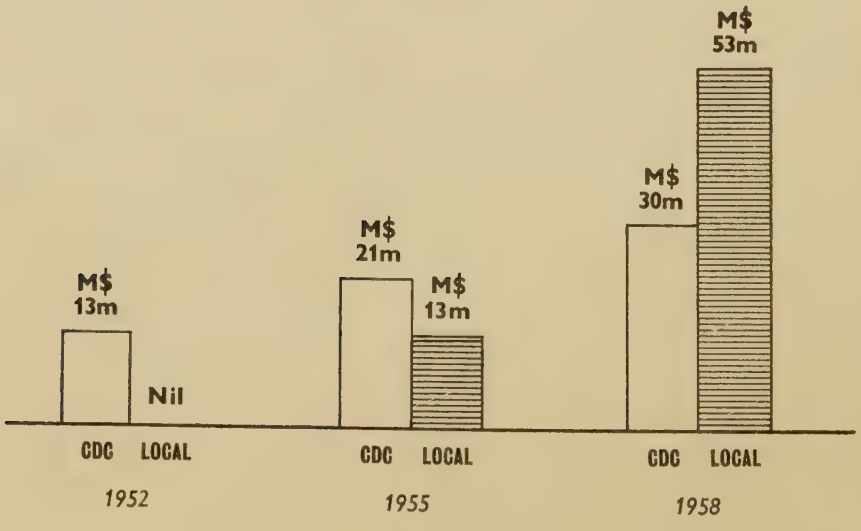
	Ordinary shares	*Preference shares*	*Long term loans*	*Deposits*
CDC	15·0	9·1	5·9	—
Federal Government ...	9·7	5·0	—	—
Hongkong and Shanghai Banking Corporation ...	—	—	21·9	—
Others	—	—	0·3	16·4
Total M$m	24·7	14·1	28·1	16·4

(*c*) preference shares carry interest rates from 6¼% to 7½%;

(*d*) deposits included M$4·5m from Federation Housing Trust, M$3·6m from insurance companies, M$3·3m from banks, M$1m from Government of Perak;

(*e*) CDC participation increased from M$24.4m (£2·8m) to M$30m (£3·5m).

(2) (*a*) Growth of local participation here shown:

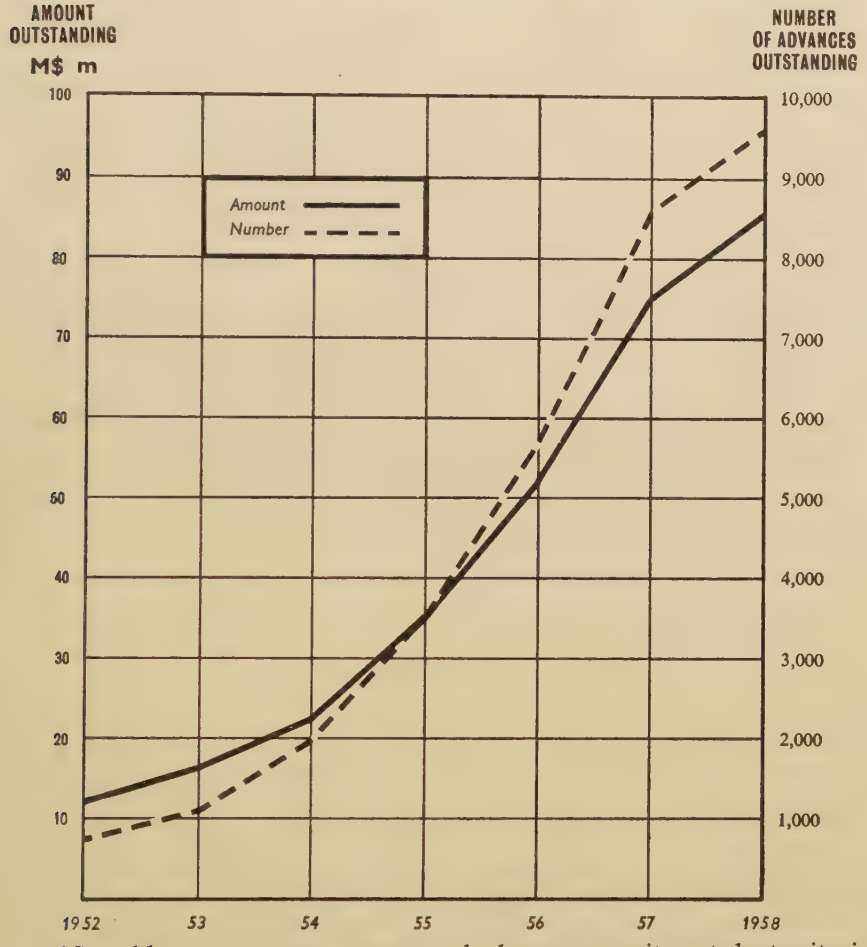


(*b*) strong local board included representatives of Federal Government with Singapore manager of Hongkong and Shanghai Banking Corporation as chairman; Mr J. Burgess, chief executive from start, is managing director.

(3) (*a*) 1,354 applications approved in 1958 for M$12,302,872 (1937 3,175 and M$32,776,210);

(*b*) reduced rate of expansion due to shortage of finance, applications being stopped early in 1958; demand for loans continues unabated;

(*c*) growth of mortgage advances in last six years here shown:



(*d*) and here are mortgage assets and advance commitments by territories (in M$m)

	31.12.58		31.12.57	
	Asset	*Commitments*	*Asset*	*Commitments*
Federation of Malaya ...	45·6	4·3	37·2	11·2
Singapore	39·2	6·6	37·4	8·1
Borneo territories	0·3	0·4	0·1	0·3
	85·1	11·3	74·7	19·6

(*e*) total assets over £10m.

(4) Society provides expanding advisory and management services to public, private and trustee bodies in connection with their housing loan schemes.

(5) Accounts show continued growth, conservative distribution, increased reserves:

	Net profit after tax	Dividends		Reserves
		Rate (ord)	Amount (less tax)	
	M$000's	%	M$000's	M$000's
1950 ...	(loss 17)	—	—	−17
1951 ...	99	—	—	82
1952 ...	324	3	163	243
1953 ...	456	4	230	470
1954 ...	577	5	315	732
1955 ...	681	5	418	994
1956 ...	991	6	793	1,192
1957 ...	1,324	6	958	1,839
1958 ...	2,168	6½	1,310	2,695

(6) Activities of Society in Borneo territories including mortgage asset of M$297,137 were transferred to new company Borneo Housing Development Ltd on 1.1.59 (§ 38).

(7) Lending rate in Federation and Singapore increased from 7% to 8% following rise in interest rates towards end of 1957; Society has been criticised for not reducing its lending rate when local interest rates became easier in latter half of 1958; but finance has been hard to get except from CDC, whose own borrowing rates are high (§ 9).

FEDERATION OF MALAYA

41 Central Electricity Board

(1) Loans £7,077,950 (1950/55) for construction of Connaught Bridge station due for repayment 1960/63.

(2) CDC re-negotiated loans in 1958 to help finance new Cameron Highlands hydro-electric scheme, giving CEB option until 31.12.60 to convert existing loans into new loan repayable over 25 years following conversion.

(3) (*a*) Cameron Highlands scheme estimated to cost £17m; loans have been negotiated with Federal Government, International Bank for Reconstruction and Development, and Commonwealth Development Finance Co Ltd;

(*b*) principal contract for civil engineering works due to begin 1959 has been awarded to a partnership of two leading German firms.

(4) First half of new Malacca power station (20,000 kw) finished early 1959.

Photo by Straits Times, Singapore

Sun drying abaca (hemp) on Borneo Abaca Ltd estates, North Borneo.
Young abaca growing in background.

Smallholder settler working on his own house plot on the Ayer Lanas scheme of Federal Land Development Authority, Federation of Malaya.

(5) (*a*) Units sold (in million kwh):

	Years ended 31st August		
	1958	1957	1956
Industry and commerce ...	194	164	147
Mining	167	149	121
Domestic	97	84	72
	458	397	340

(*b*) total revenue increased by 13.4% over 1957.

(6) Industrial, commercial and domestic demand maintains rate of expansion despite tin mining restriction.

(7) Regional Controller is on board of this efficient instrument of development with which CDC is delighted to be associated.

42 Federal Land Development Authority

(1) £600,000 Malayan Government guaranteed loan (repayable over 33 years) to statutory authority set up in 1956 to promote and carry out agricultural development and land settlement schemes in association with State Governments.

(2) CDC investment is contingent on Federal Government advancing M$10m.

(3) (*a*) A 4,000 acre site on which 400 families grow fruit, rice and rubber has been working successfully for two years in Kelantan;

(*b*) development projects based on Kelantan experience started in Trengganu, Malacca, Kedah and Pahang; most States now have further schemes at planning and survey stage (total over 50,000 acres).

(4) Regional Controller appointed by Federal Government as first executive chairman served till October 1958, succeeded by Enche Taib bin Haji Andak; remains member of Board.

(5) Drawings start in 1959.

(6) Careful planning and success of first scheme in Kelantan should lead to considerable development of Malaya's vacant lands for rapidly increasing population; this should be one of CDC's best contributions to Malaya.

43 Johore Palm Processing Ltd

(1) Capital at 31.12.58 £259,500 wholly owned by CDC.

(2) Company processes fruit from Kulai Oil Palm Estate (§ 44).

(3) Intention is to encourage growing of oil palms in South Johore by offering processing facilities to estates, farms and smallholdings, with shareholding in proportion to acreage; for progress of these plans see § 44.

(4) (*a*) Company is processing and selling agent; under its constitution all proceeds after operating costs (including service of capital) paid over to growers;

(*b*) plant worked well.

44 Kulai Oil Palm Estate

(1) Capital at 31.12.58 £1,015,941.

(2) (*a*) Planted acreage 4,861; 1,326 acres pre-war palms, 3,535 acres planted since 1950; re-survey completed during year; future programme includes 357 acres new planting and replant of 1,326 acres pre-war area;

(*b*) project is planned as nucleus for encouraging further oil palm planting by individual farmers in South Johore; plans for 2,000 acres agreed in principle by Johore State Land Development Board, to be financed by Federal Land Development Authority (§ 42); plan for further 2,000 acres for larger holdings with financial assistance and agricultural supervision from CDC now being considered.

(3) Production increased substantially; 2,087 tons oil (1957 1,111); 504.5 tons kernels (1957 255); 1951/52 replanting and 1952/53 new planting approach full maturity; yields have nearly doubled over previous year.

(4) Increased profit £41,232 (1957 £6,976) due to larger crop and reduced costs; would have been better but for fall in selling price of palm oil; average sales price £71·8 per ton (1957 £82·9).

(5) Weary ten years of barbed wire and curfew, bombs and armoured cars, ended in December; all Johore clear by end year; a welcome "white" Christmas; but the Corporation remembers its murdered Regional Controller and Kulai manager.

45 Malayan Cocoa Ltd

(1) (*a*) Authorised capital M$2m (£233,333); issued M$1.2m held as to one third each by Cadbury Bros Ltd and CDC; remainder held by various plantation companies mostly connected with Harrisons & Crosfield Ltd;

(*b*) estate at Jerangau in Trengganu State.

(2) Planted area 506 acres; no major new planting undertaken during year.

(3) Small commercial crop harvested; part of crop used as seed for planting by United Cocoa Development Co Ltd (§ 47).

(4) Growth and crop have been retarded by serious outbreak of dieback; Company's consultant, Mr. O. J. Voelcker, made detailed investigation in November 1958; on his advice dieback specimens being examined by Commonwealth Mycological Institute in London; future policies and prospects for cocoa in Malaya depend on finding cause and cure of dieback.

(5) (*a*) Regional Controller is chairman of board;

(*b*) Malayan Cocoa Ltd continues to share services of staff and labour with United Cocoa Development Co Ltd.

46 Malayan Industrial Development Finance Ltd (company in formation)

(1) M$2½m (£300,000) approved for equity investment in new company sponsored by Federal Government to finance industrial enterprises in Federation.

(2) Company to be incorporated with share capital of M$15m to which Federal Government, Malayan Exchange Banks, insurance companies and others will subscribe.

(3) CDC will be represented on board.

(4) No drawing from CDC at 31.12.58.

47 United Cocoa Development Co Ltd

(1) Principal shareholders are Cadbury Bros Ltd, Harrisons & Crosfield Ltd, CDC and van Houten & Zoon NV; others are Continental and UK chocolate manufacturers.

(2) Authorised capital £200,000 in £10 shares, 16,000 issued (£9 paid); CDC £19,071 (2,119 shares £9 paid).

(3) Company has negotiated 99 years lease of over 1,000 acres at Landas in Trengganu State, four miles from Malayan Cocoa Ltd estate at Jerangau (§ 45).

(4) 568 acres now planted as planned (1958 212); evidence in some areas of dieback; in view of experience at Jerangau further planting deferred pending outcome of dieback investigation (§ 45 (4)).

(5) Estate jointly managed with Malayan Cocoa Ltd's estate, to mutual advantage.

FIJI

48 Fiji Investigations

(1) Resulting from 1957 visit by Regional Controller (Far East) two investigations were made in Fiji in 1958.

(2) First investigated large scale softwood afforestation for Fiji's extensive waste lands; prospects reported to be good, but experimental plantations not yet old enough to justify large scale commercial investment; being watched hopefully.

(3) (*a*) Second investigated prospects for agricultural crops to be grown by Fijian smallholders, cocoa and bananas specially, a small nucleus estate first being developed for demonstration;

(*b*) CDC wants to discuss alternative plans with Fiji Government, owing to fall in banana prices in New Zealand.

(4) Proposals for hotels and for hardwood extraction are under discussion.

(5) CDC regrets lack of Fijian development and hopes 1959 Commission of Enquiry will give it something to do in Fiji; members of Commission, expected to visit Fiji in July/August 1959 to enquire into land and population problems, will be Sir Alan Burns GCMG (chairman), Professor A. T. Peacock and Mr T. Y. Watson CMG MBE.

49 Malayan Flour Mills Ltd (company in formation)

(1) £200,000 loan approved in sterling debentures to new company being formed by Mr David Sung of Hong Kong Flour Mills Ltd to manufacture wheat flour for Singapore and Johore; CDC has agreed to sponsor's request to hold over company formation until after elections in April 1959; by then effects of recently introduced Singapore Bill for control and licencing of manufacture for commercial purposes should be more apparent.

(2) CDC will be represented on board.

(3) No drawing from CDC at 31.12.58.

50 Singapore Factory Development Ltd

(1) (*a*) This is CDC's Singapore Factory Development project transferred to a company; authorised capital M$1m (£116,667); issued M$474,770 (£55,390), all held by CDC;

(*b*) at 31.12.48 CDC had advanced £114,563 on loan and current account; Singapore Improvement Trust (SIT) had advanced £21,678.

(2) (*a*) Company finances industrial development on three sites in Singapore; at Bukit Timah for large industries, and two in Alexandra Road industrial area for light industry;
(*b*) development of fourth site, for light industries, in Redhill approved during year.

(3) At Bukit Timah three acres were sold in 1958, leaving 17 acres unsold out of original 52; new factories for Venetian blinds and animal foodstuffs nearing completion.

(4) (*a*) Development of joint CDC/SIT scheme at Alexandra Road completed during year;

(*b*) 17 factories provided; industries include printing, bookbinding and manufacture of metal containers, paraffin stoves, cosmetics, plastic goods, clothing and edible oil.

(5) (*a*) At Leng Kee Road CDC lends on mortgage for factory building on land provided by SIT;

(*b*) one new loan granted in 1958 making four in all; industries assisted are marine engineering, printing and manufacture of pencils and glass goods.

(6) (*a*) On projected Redhill area Singapore Government and SIT will provide cleared land; CDC will finance layout and assist with loans on mortgage where needed;

(*b*) plan for 34 small standard factories has been drawn up.

(7) Combined net profit for year of direct project and company £16,242 before tax.

(8) Singapore's industrial future depends on Government policies now under debate; CDC in partnership with Government and SIT offers sites and finance to such as have confidence and will venture.

EAST AFRICA REGION

51 Regional summary

(1) Capital approved for 16 projects in Kenya, Tanganyika and Uganda is £15,824,000; spent £15,403,000.

(2) New work is finance for Bird & Co (Africa) Ltd to assist their tea expansion programme; plans for an African smallholders' scheme are associated with this project.

(3) Three jobs came into production in 1958 or in the first two months of 1959—soap factory of East Africa Industries Ltd, wattle extract factory at Njombe (Tanganyika Wattle Ltd), and Tangold mine; the Oceanic Hotel at Mombasa opened in October.

(4) Trading conditions in East Africa have been very difficult, to detriment of East Africa Industries Ltd (margarine, edible oils and now soap) and Unga Ltd (flour) which sell in local markets; but, exceptionally, Kenya Meat Commission had a good year. Macalder and Kilembe both operated at a loss in early months when copper prices were at lowest; but both now earn some return on capital as a result of rigorous economies and recovery in copper prices.

(5) A pleasing number of new schemes came in 1958—but, for various reasons only one was finalised (§ 60). There was also evidenced a definite tendency of individual East African Governments towards protectionism, not only against the world but against each other. Some CDC schemes stood to gain, others to lose; but such economic fragmentation is surely retrograde and undesirable.

KENYA

52 Block Hotels Ltd

(1) (*a*) CDC participation with Kenya Industrial Development Corporation, Barclays Bank and Mrs M. E. Tate to provide £460,000 new finance for partial reconstruction of New Stanley Hotel, Nairobi;

(*b*) CDC to take up 20,000 ordinary shares and £120,000 debentures;

(*c*) Regional Controller on company board.

(2) Reconstruction proceeding well; completion expected August 1959.

(3) Company profit before taxation for year to 30.6.58 £97,590 (1957 £88,703).

(4) CDC participation is £55,000 (20,000 ordinaries at £2 each and £15,000 debentures).

53 East Africa Industries Ltd

(1) Ordinary shareholders are Unilever Ltd 50%, CDC 33⅓%, Industrial Development Corporation (Kenya Government) 16⅔%.

(2) Rest of assets not required by continuing business were disposed of in 1958; total realisation £273,000 against book value £243,000; profit £30,000 (CDC £20,000, IDC £10,000).

(3) Company's capital was reorganised on disposal completion; at 31.12.58, CDC shareholding £216,000 (1957 £255,000) and loan £157,667 (1957 £176,000).

(4) (*a*) New soap factory costing nearly £500,000 started limited production in October;

(*b*) local manufacture of popular Unilever brands of laundry soaps like Sunlight, Lifebuoy and Key Pale enabled reductions of up to 28% in consumer prices.

(5) Difficult trading conditions persisted throughout most of year but towards end came welcome signs of recovery; sales of edible products, other than margarine, declined from levels of previous year.

(6) Sales values and profit in 1958, sales £504,917 (1957 £474,380), profit £34,021 (1957 £44,603).

54 Kenya Housing Authority

(1) £2m loan to Kenya Government (Central Housing Board) for municipal and private housing programmes for Africans; repayment 1960/84.

(2) Work almost finished on first 1,400 houses for Nairobi City Council, costing about £600,000; Housing Board advanced a further £294,000 for phase II (500/600 houses) of this scheme and £115,000 to various other local authorities.

(3) Fully drawn during 1958.

55 Kenya Meat Commission

(1) £250,000 loan (1955) to expand undertaking; repayment by 20 annual instalments; £212,500 outstanding.

(2) (*a*) Commission has had satisfactory year;

(*b*) canning plant at Athi River came into operation 1.3.58.

(3) Sales were:

	1958 £	1957 £
Meat and by-products:		
Local	1,825,238	1,623,987
Export	918,304	545,892
Cannery (mainly export)	357,043	—
	£3,100,585	£2,169,879

(4) Regional Controller on board.

56 Kenya Power Co Ltd

(1) (*a*) Authorised and issued share capital EA shgs 2,000 (£100) owned equally by Kenya Government, Power Securities Corporation Ltd and The East African Power and Lighting Co Ltd;

(*b*) £7·5m 5½% debenture stock 1975/85, of which CDC £3·5m; balance by public;

(*c*) at 31.12.58 Sinking Fund purchases in market, £284,848; stock outstanding, £7,215,152.

Photo by M. J. Mill

Part of 280-mile overhead transmission line of Kenya Power Co Ltd, carrying power from Owen Falls, Uganda, to Nairobi.

Oceanic Hotel, Mombasa, Kenya.

(2) (*a*) Company has hydro stations at Tana and Wanjii and started 1.1.58 to draw on Owen Falls power brought 280 miles from Uganda boundary near Tororo to Nairobi by 132 kv line; supplies EAP & L Ltd, authorised distributors for Nairobi and western Kenya;

(*b*) EAP & L Ltd plans to tap 132 kv line to supply Nakuru, Gilgil and a new 33 kv line to Nandi Hills and Kericho tea growing area; Kisumu to be linked later.

(3) (*a*) 190·1m units sold to distributors under long term contract (1957 151·3m units);

(*b*) price is determined by formula laid down by bulk supply licence designed to cover only Company's costs including service of capital.

57 Macalder-Nyanza Mines Ltd

(1) (*a*) Issued capital 700,000 shares of 20 EA shgs (£700,000) of which CDC 65·7%, Kilembe Mines Ltd 28·6%, other interests 5·7% ;

(*b*) CDC loans at 31.12.58 £2,128,267 including accrued interest £292,981 (1957 £2,049,119 and £176,751).

(2) (*a*) Construction completed on surface;

(*b*) underground, sinking below fifth level resumed mid-year and carried to seventh level.

(3) Operating figures:

		1958	1957
Ore treated	(short tons)	83,543	70,318
Average grade		3·43	2·74
Copper produced	(long tons)	1,988	1,723
Bullion—gold	(oz)	3,952	1,004
silver	(oz)	40,695	14,678

(4) (*a*) Production policy was altered to meet low copper prices early in year; stringent economies and some ingenuity in plant handling resulted in average mine operating costs (after crediting revenue from precious metals) below £155 per ton copper;

(*b*) management and staff are to be congratulated on this;

(*c*) such costs cannot be held indefinitely; in expectation that higher prices for copper are maintained, more normal working is being resumed with some increase in costs.

(5) Sales of cement copper and bullion were £451,101 (1957 £352,899), average copper price £198 (1957 £207); first mine operating surplus; net loss was £71,560 (1957 £207,505) after charging depreciation and amortisation £143,338 but before charging interest £116,230.

(6) Company was granted moratorium to 31.12.58 for interest payments due on CDC loans.

58 The Oceanic Hotel Ltd (formerly Coastal Hotels Ltd)

(1) Project sponsored by Kassim Lakha family (cost £375,000); CDC has lent £125,000 on security.

(2) This new and attractive hotel at Mombasa was opened by HE the Governor of Kenya on 20.10.58.

59 Unga Ltd

(1) Flour millers; CDC agreed in 1956 to take up at par £250,000 shares (16% of capital) and to make secured loan of £600,000 (now all drawn) to this subsidiary of Kenya Farmers' Association (Co-operative) Ltd.

(2) Company works in Kenya and Tanganyika and through subsidiary in Uganda.

(3) New flour mill in Dar-es-Salaam opened on 31.10.58; wheat silo in Nairobi still to be built.

(4) After provision for East African income tax, net profit for year to 31.7.58 £134,105 (1957 £178,871); dividend on ordinary shares 5% as last year.

(5) Trading conditions have been difficult, with 6·7% decline in wheat consumption over whole area (about 10% in Kenya) compared with 1956; prospects in Tanganyika will be affected by:

(*a*) inter-governmental agreement accepting principle that Tanganyika milling capacity should match its needs;

(*b*) recent licensing of a competitive mill in Dar-es-Salaam.

(6) For tendency to economic fragmentation see Regional summary (§ 51(5)).

(7) Regional Controller on board.

TANGANYIKA

60 Bird & Co (Africa) Ltd

(1) (*a*) To diversify its interests, this old-established sisal company in Tanganyika began tea growing about six years ago;

(*b*) at 30.4.58, 840 acres were under tea; in order to expand to 2,700 acres, with a factory to deal annually with about three million lbs of tea, Bird & Co raised £600,000 in June 1958; CDC helped by agreeing:

(i) to subscribe £300,000 non-convertible debenture stock 1967/72;

(ii) to subscribe £100,000 and underwrite £50,000 of issue of £300,000 7½% convertible debenture stock 1973;

(*c*) at 31.12.58 CDC had subscribed half of (i) (rest to be drawn in 1959); £100,000 of (ii); issue was fully subscribed.

(2) In conjunction with Bird & Co, CDC is examining (hopefully) possibility of starting African smallholder tea scheme in neighbourhood.

(3) Regional Controller on board.

61 Mbeya Exploration Co Ltd

(1) (*a*) Issued capital 2,000 EA shgs (£100); N. V. Billiton Maatschappij of The Hague 70%, CDC 30%;

(*b*) balance by loans from partners in same ratio; 31.12.58 CDC £376,920.

(2) Company investigating and developing pyrochlore (niobium) deposits at Panda Hill, Mbeya district, south-west Tanganyika;

(*b*) N. V. Billiton Maatschappij are consulting engineers and managing agents.

(3) (*a*) 3,002 ft diamond drilling finished 21,000 ft programme in June; ore reserves now over 125m tons;

(*b*) tests to establish best drilling and blasting techniques started July; 31,300 tons ore broken;

(*c*) pilot mill ran throughout year on experimental flow sheets in search of best recovery; crushing and grinding by conventional methods until November when Aerofall mill started; fluo-solid reactor, magnetic separator and new type flotation units added at end year; much data acquired, mostly negative, but progress made;

(*d*) pilot mill treated 24,000 tons pyrochlore assaying 0·43% niobium pentoxide; 220 tons low grade concentrates shipped Netherlands where upgraded to 50%.

(4) Power consultants reported on hydro-electric investigation in February 1959; comparative cost estimates for hydro-electric power from Kivira valley and steam power from Rungwe coalfield (§ 63) being examined.

(5) Samples of niobium concentrates supplied to prospective industrial users in UK, Europe and USA; much sales promotion will be required to take care of potential output.

62 Liganga Iron Ltd

(1) Authorised capital 600,000 EA shgs (£30,000), of which 32½% (£9,750) will be held by CDC, balance by Frobishier Ltd of Canada, Anglo American Corporation of South Africa Ltd and Tanganyika Government.

(2) No work in 1958; additional drilling completed by Tanganyika Geological Survey in February 1958; and its report received 26.2.59 is being studied.

(3) Spent at 31.12.58 £39,406.

63 Rungwe Coal Co Ltd

(1) (*a*) Company incorporated 14.5.57 to investigate Kivira–Songwe coalfield in Rungwe district, south-west Tanganyika, for power needs of Mbeya Exploration Co Ltd (§ 61);

(*b*) authorised capital 10,000 shares of 20 EA shgs (£10,000); issued CDC and N. V. Billiton Maatschappij 4,375 each, balance for Tanganyika Government;

(*c*) additional finance by loan equally by CDC and N. V. Billiton Maatschappij;

(*d*) management by CDC.

(2) Investigation completed June 1957; proved over 20m tons good quality coal.

(3) (*a*) Power consultants to Mbeya Exploration Co Ltd reported in February 1959 on hydro-electric power; alternatives now being studied; (*b*) other sales outlets would not for present justify opening up a mine without Mbeya company demand.

(4) Spent at 31.12.58 £74,904.

64 Tanganyika Coalfields Ltd

(1) (*a*) Authorised capital 2,000,000 EA shgs (£100,000); CDC 35½% £35,500; rest by Anglo American Corporation of South Africa Ltd, Frobisher Ltd of Canada and Tanganyika Government; only subscribers' shares issued at 31.12.58;

(*b*) balance of cost of CDC investigation provided by issue of unsecured notes.

(2) German interest, reported last year, faded because of coal stocks in Europe.

(3) (*a*) No work done in 1958;

(*b*) development of colliery still awaits railway outlet to Indian Ocean either at Mtwara or Nacala if Portuguese line is extended to Lake Nyasa.

(4) Spent at 31.12.58 £457,855.

65 Tanganyika Wattle Co Ltd

(1) (*a*) Issued capital 500,000 EA 20/– shares of which 450,000 held by CDC and 50,000 by East African Tanning Extract Co Ltd (managing agents since 1.1.58);

(*b*) plantations transferred from CDC to Company following amendment to stamp ordinance;

(*c*) CDC is financing with loan capital rest of approved development programme (£939,102 at 31.12.58).

(2) (*a*) Company owns 33,000 acres of wattle near Njombe in Southern Highlands Province, planting of which was completed in 1955;

(*b*) Bena Wattle Scheme, through which Company helps establishment of African wattle industry, had 7,042 acres planted by March 1958 and further 2,194 acres ready for sowing in 1958/59 rains.

(3) (*a*) Extract factory opened by HE the Governor of Tanganyika 26.2.59; (*b*) Mr. F. J. Mustill (general manager) and many of his staff have been at Njombe since work started in 1949 and must be pleased to have seen job through to commercial production on time.

(4) Market for wattle extract has been made difficult by increasing capacity of wattle industry, continued heavy production of other tanning extracts, and competition suffered by vegetable tanned leather from synthetic soling materials; "Tanwat" quality will need to be high to compete effectively.

66 Tangold Mining Co Ltd

(1) (*a*) Issued capital 31.12.58 880,000 shares of 20 EA shgs each (£880,000) held equally by CDC and New Consolidated Gold Fields Ltd;

(*b*) CDC loan £700,000; fully drawn 31.12.58;

(*c*) New Consolidated Gold Fields Ltd (technical advisers) had provided £50,000 at 31.12.58 as temporary finance pending agreement between partners on terms for supplementary capital;

(*d*) each partner has two representatives on board of four.

(2) (*a*) Rehabilitation and erection of plant, mainly second-hand from Taquah & Abosso Mines Ltd in Ghana, took longer and cost more than expected;

(*b*) vertical shaft sunk to 544 ft from surface; development during year 6,374 ft; diamond drilling 6,293 ft;

(*c*) 12 mile water pipeline from Lake Victoria commissioned in May;

(*d*) all operational buildings and plant ready at year-end except two diesel sets and some units in reduction plant.

(3) (*a*) One mill circuit started 14.1.59;

(*b*) full production expected by May 1959.

(4) Spent by Company at 31.12.58 £1,697,425.

(5) There is evidence that ore reserves may be greater than at first estimated.

UGANDA

67 Kilembe Mines Ltd

(1) (*a*) Issued capital 5,700,000 shares of 20 EA shgs each (£5·7m), Kilembe Copper Cobalt Ltd of Toronto 70%, CDC 20%, Uganda Development Corporation Ltd 10%;

(*b*) loan capital £2m after repayment of £100,000 unsecured notes; CDC holds £750,000 6% debentures and £250,000 6% unsecured notes.

(2) (*a*) Frobisher Ltd of Toronto are consulting engineers and general managers;

(*b*) CDC has two representatives on board.

(3) Cobalt recovery still uneconomic so installation of plant deferred; increase of copper output continued; construction of new copper oxide plant started and smelter modified to take third converter, both jobs nearly finished at year-end.

(4) Operating figures:

	1958	1957
Ore mined (short tons)	522,929	480,136
Grade % Cu	2·14	2·18
Ore milled (short tons)	521,922	479,314
Grade % Cu	2·13	2·23
Blister copper produced (long tons) ...	10,831	7,467

(5) (*a*) Sold 10,858 tons blister copper for £2,112,525—average metal price £196;

(*b*) efficiency further improved; mine operating cost per ton copper £151 (1957 £180), a fine achievement;

(*c*) operating surplus £479,952; net loss is £43,874 after charging depreciation and amortisation (£394,837), debenture interest (£125,989), and premium (£3,000) on early repayment of unsecured notes;

(*d*) at present copper prices, this mine should give a modest return.

CENTRAL AFRICA REGION

68 Regional Summary

(1) Capital approved for seven projects was unchanged at £21,960,000; spent £8,671,000.

(2) New work—again most disappointing; interest rates caused some promising schemes to be dropped. CDC is barred under most circumstances from doing anything in Southern Rhodesia; but difficulties have also been raised against CDC help to federal schemes which benefit also the northern territories. An example was the invitation to CDC by the Federal, S Rhodesia and N Rhodesia Governments to participate in the Lake Kariba Co, the argument about which is still unresolved.

(3) There seems to be a check in economic development in the northern territories; completion of Kariba hydro-electric scheme and recovery of copper price may perhaps get things moving.

(4) Chilanga is pleased with itself, and proud of its record in supplying the cement needed for Kariba. But the general satisfaction in the fine Kariba achievement of construction up to time despite record floods of March 1958 is, for CDC, tempered by the fact that its contribution is far behind schedule since Federal Power Board has naturally preferred to draw cheaper money from elsewhere. Nyasaland jobs had a bad year owing to a catastrophic fall in tung oil price (Vipya—§ 74), and a disastrous tobacco harvest (Kasungu—§ 72).

FEDERATION OF RHODESIA AND NYASALAND

69 Central African Airways Corporation

(1) £1·75m loan (1954) for purchase of Vickers Viscount aircraft and spares, secured on Central African Airways assets and guaranteed by Government of Federation; repayable 1959/67.

(2) (*a*) During 1958 reorganisation begun previous year continued;

(*b*) economic recession brought further fall in revenue but CAA says it expects to operate within Federal Government subsidy in financial year 1958/59;

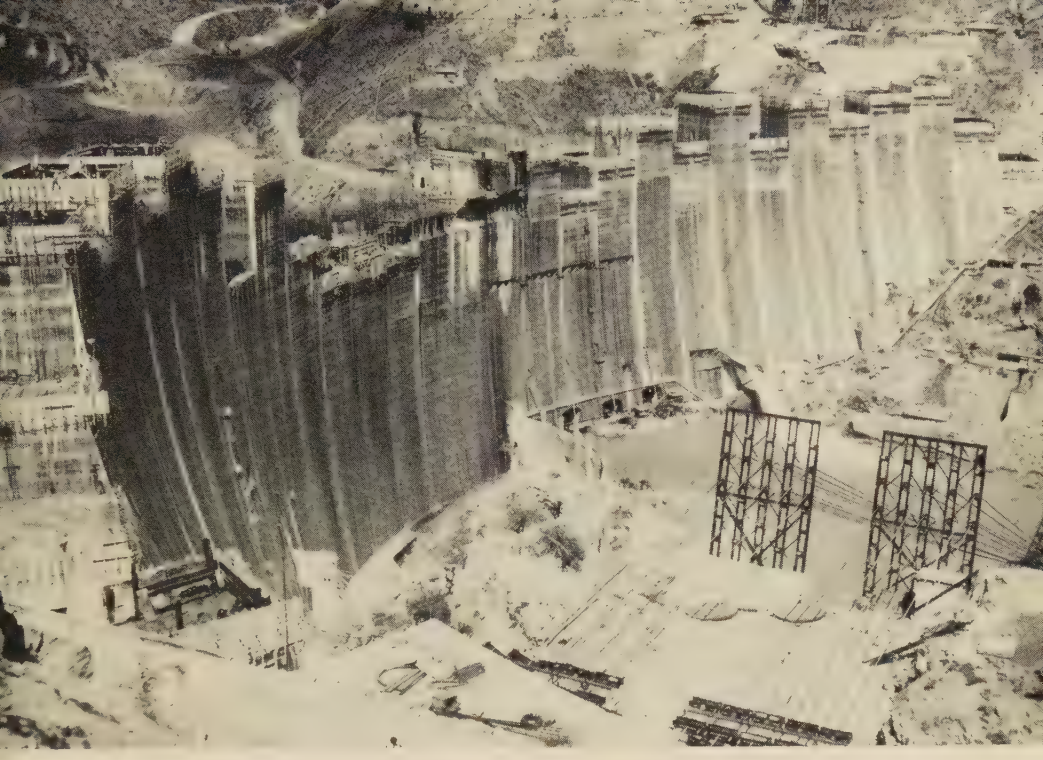
(*c*) agreement concluded with East African Airways Corporation for pooling of some services between Nairobi and Salisbury.

(3) Regional Controller on board.

70 Federal Power Board

(1) (*a*) £15m loan to Board guaranteed by Government of Federation of Rhodesia and Nyasaland to help build first stage of Kariba hydro-electric project on Zambezi i.e. dam, 600,000 kw underground power station and transmission network;

(*b*) other finance from International Bank for Reconstruction and Development, Commonwealth Development Finance Company Ltd and Federation Government (mainly from loans by Rhodesian copper mining companies, British South Africa Company, Standard Bank of South Africa and Barclays Bank DCO).



Work in progress on Kariba hydro-electric scheme dam at end 1958.

Photo by R. L. Kinsey,
Federal Information Department

Some typical homes of Government African housing scheme at Soche, Nyasaland.

(2) (*a*) As already reported unprecedented floods of February/March 1958, estimated to reach 570,000 cusecs (nearly double previous (1957) record) resulted in loss of road bridge and much damage to footbridge, low level roadways and central coffer dam; there was no permanent damage to main structures and lost time had been made up by year-end;

(*b*) closure of dam completed 14.12.58 when flow exceeded the 17,500 cusecs agreed with Portuguese authorities as condition of closure;

(*c*) concreting of main wall almost entirely with Chilanga cement (§ 71) is two-thirds finished; excavation of machine hall finished; main machine foundations being concreted; excavation of transformer hall, tailrace tunnels and surge chamber going well.

(3) Norton, Salisbury and Kitwe sub-stations built; Salisbury–Norton–Sherwood–Bulawayo transmission lines nearly complete; Kariba–Kitwe, Kariba–Norton and Kariba–Sherwood lines on schedule.

(4) Board again preferred to take money from other cheaper sources of finance (§ 9); drew only £900,000 from CDC making total drawings at 31.12.58 £2,950,000 instead of scheduled £7m; CDC made some concession on deferment terms.

(5) This is an example of how CDC is currently prejudiced by high interest rates (§ 9).

NORTHERN RHODESIA

71 Chilanga Cement Ltd

(1) (*a*) Issued capital Rh£1,500,000 in 5/- ordinary shares and Rh£210,000 in 5% cumulative redeemable preference (£1) shares;

(*b*) ordinary shares held by CDC, Premier Portland Cement Co (Rhodesia) (Company's general managers), Rhodesian Anglo American, British South Africa Co and public;

(*c*) at 31.12.58 CDC held 2,215,384 ordinary and 157,500 preference shares.

(2) (*a*) Chilanga is supplying nearly all cement for Kariba dam wall (§ 70); phenomenal flooding of Zambezi held up consumption for 1½ months, but then deliveries were stepped up to a monthly rate of 17,500 tons in October—a considerable feat;

(*b*) transport contractors used 35 tankers for deliveries by road to dam site 112 miles away, each tanker doing the round trip every 36 hours.

(3) (*a*) Production 10% higher than 1957; sales, 209,198 tons (1957 187,262); net profit before tax £576,576 (1957 £453,009);

(*b*) interim dividend on ordinary shares of 5% paid 15.10.58; final of 10⅔% plus 2⅔% bonus declared 13.3.59, making total 1958 distribution 18⅔% gross (1957 12%).

NYASALAND

72 Kasungu Tobacco Estates

(1) In 1957/58 season 390 acres of flue-cured tobacco were planted (1956/57 360 acres).

(2) (*a*) Crop after promising well till mid-January was heavily infected with frog-eye spot (wrongly reported last year as blackfire), a disease common in Federation in 1957/58, product of wet weather;

(*b*) then the crop ripened all at once but management was not up to the special and urgent requirements; inherent deficiencies in harvested leaf were accentuated by inefficient curing and grading;

(*c*) tobacco eventually sold represented a yield of only 427 lb per acre; quality poor and average price of 19·0d per lb meant only £33 per acre, the worst result since the job started.

(3) First batch of six African smallholders did a bit better with help and supervision from project staff, and despite being late settled on plots, five of them (the sixth suffered from baboons) had an average £48 per acre (537 per lb at 21·4 per lb); encouraging enough in a bad season to warrant perseverance; smallholders themselves with some financial help from CDC decided to stay on.

(4) (*a*) Technical mission visited Kasungu in June; it saw no reason why good tobacco should not be grown but recommended a downward revision of programme targets and also administrative reorganisation;

(*b*) 1958/59 planting on CDC estate is down to 100 acres;

(*c*) programme of new curing barns and other facilities is being completed;

(*d*) original six smallholders given further experimental season before any decision as to future.

(5) A five-year development plan for expanding African smallholders is being discussed with Nyasaland Government who have already helped quite a lot.

(6) Loss £49,194 (1957 £10,601); spent at 31.12.58 £266,942.

73 Nyasaland African Housing

(1) Loan of £1m (repayable 1967/86) to Nyasaland Government for urban African housing schemes.

(2) Present contracts, which should be completed in May 1959, provide for 859 houses in Blantyre-Limbe area, 350 in Zomba and 186 at Lilongwe.

(3) Loan fully drawn at 31.12.58.

74 Vipya Tung Estates

(1) 5,345 acres under tung at 31.12.58 of which 623 mature; coffee planted experimentally as alternative crop.

(2) Nyasa Tea Estates Ltd are managing agents.

(3) 324 short tons of nuts were harvested (1957 244) and yielded 94 long tons of oil (1957 80 tons); crop yield was disappointing but processing mill operated efficiently on small throughput.

(4) During year tung oil dropped from £115 to £68 per ton fob Beira; towards year-end US Government began to unload accumulated stocks on world market hurting Nyasaland badly.

(5) Experimental coffee planting covered 117 acres at 31.12.58; too early to say how this crop—grown successfully elsewhere in Nyasaland—will do on the Vipya.

(6) Net operating loss £29,139 after interest £12,737 (1957 £16,389 after interest £6,012).

(7) Spent at 31.12.58 £993,391 including £213,423 written off on reorganisation in 1955.

(8) Capital investment is now almost complete; strict economy in maintenance and operating costs are practised; but whether money spent will be recovered depends on world market prices in which Nyasaland production is insignificant; other crops are being experimented with.

SOUTHERN RHODESIA

75 Southern Rhodesia African Housing

(1) £1m loan (1957) to Government for urban African housing; repayable 1966/85.

(2) £1·75m programme now complete; houses built and sold:

(*a*) 2,700 at Highfield African Township, Salisbury;

(*b*) 2,680 at Bulawayo;

(*c*) 260 at Gwelo and 40 at Que Que.

(3) Schools, business premises, amenities provided by Government.

(4) Still a large unsatisfied demand for African housing; Southern Rhodesian Government now embarking on four-year plan for which almost £4m already arranged.

HIGH COMMISSION TERRITORIES REGION

76 Regional summary

Bechuanaland Protectorate

(1) The five cattle jobs (capital approved £3,007,000 spent £1,852,000) were terribly handicapped by foot and mouth restrictions in and around Bechuanaland; even so ranching activities made satisfactory progress.

(2) Though the South African market was closed to Bechuanaland beef till end April, Lobatsi Abattoir handled a record number of cattle and for the first time carcases were exported to Europe including UK; BP producers should show that they can take advantage of present shortage of beef supplies in international markets; if they grow the cattle the processing plants will be provided.

(3) Discussions with the Protectorate Government for transfer of Lobatsi Abattoir to a company in which CDC and Protectorate Government will hold the share capital have moved slowly; CDC wants this to lead to the BP cattle trade sharing in marketing responsibilities.

Swaziland

(4) Capital approved for five projects £9,191,000, spent £6,550,000.

(5) Development in Swaziland proceeds apace; but rate will depend on how far communications and power are provided as public utilities independently of commercial development; not much has happened yet.

(6) Mhlume (Swaziland) Sugar Co mill should be in production before end 1959; and now plans for using the rest of the irrigable land and water will be pressed; citrus expansion has already been approved.

(7) Economics of a pulp mill at Usutu Forests are being investigated jointly with possible private enterprise partners; there should be a decision before mid-1959.

Basutoland

(8) Possibilities for markets for power and water from Ox Bow Lake scheme are not encouraging; search for other ways of CDC help to Basutoland continues.

77 High Commission Printing & Publishing Co Ltd

(1) £10,000 loan secured on assets of Company and guaranteed by parent, Bantu Press (Pty) Ltd; repayment over ten years began in 1955.

(2) Company publishes local language newspapers in High Commission Territories; also has printing business.

(3) Outstanding at 31.12.58 £6,000.

BASUTOLAND

78 Ox Bow Lake Power and Water Investigation

(1) (*a*) Basutoland Government continued investigation of hydro-electric/water supply scheme on Malibamatso River (tributary of Orange River);

(*b*) it is under supervision of advisory technical board of which CDC Regional Controller is member; rainfall and hydrological data being collected.

(2) South African Government decision to go ahead with £15m scheme on Vaal River for Orange Free State may mean postponing development of Ox Bow Lake Scheme.

(3) No CDC funds needed yet.

BECHUANALAND

79 Bechuanaland Cattle Ranch

(1) (*a*) Herd increased from 11,260 to 11,826 in 1958;

(*b*) herd continued free of foot and mouth disease; but veterinary restrictions prevented movement of cattle into and out of ranch until December; no cattle were received from Bushman Pits Ranch; nor were any Ngamiland cattle crossed into Northern Rhodesia.

(2) (*a*) Birth rate fell by a fifth in 1957/58 season; a disappointment, but partly attributable to movement restrictions preventing bull replacement;

(*b*) death rate 5·3% (1957 4·4%).

(3) CDC is considering with its local consultants (Messrs J. H. N. Hobday, C. W. Freeman and R. W. Glover) transfer of ranch headquarters from Panda-ma-Tenga (250 miles northwest of Francistown) to Nata 100 miles nearer Francistown, where breeding herd is now concentrated.

(4) (*a*) Standard stock values, unchanged since 31.12.53, were revised upwards because of improved quality of herd; effect was an increase of £36,240; similar reappraisal at 31.12.57, not considered appropriate at the time, would have produced £26,035;

(*b*) including effect of revision, net profit £7,812 (1957 loss £2,221).

(5) Book value £247,309.

80 Bushman Pits Ranch

(Ngamiland Cattle Exporters' Association)

(1) (*a*) Former outlying station of Bechuanaland Cattle Ranch; leased to co-operative of cattle traders;

(*b*) members buy immature cattle from Ngamiland producers and graze them till ready to be fattened by CDC (§ 79); but foot and mouth disease restrictions in 1958 prevented sending of cattle to CDC or purchase from Ngamiland producers whose breeding areas were consequently in danger of being overstocked.

(2) 4,685 head of slaughter cattle were on ranch at 31.12.58 (1957 5,003); they included high proportion of animals approaching maturity which, but for restrictions, would have been sent to CDC.

(3) Facilities jointly arranged by banks and CDC for financing members' cattle were fully employed throughout 1958; a useful service to traders in a difficult year.

(4) (*a*) Spent at 31.12.58 £16,506;

(*b*) revenue cost to CDC £606 (administration costs less rent and interest received).

81 Lobatsi Abattoir

(1) (*a*) Another vexing year; foot and mouth restrictions continued up and down and Union markets, closed to BP meat in July 1957, did not open till 24.4.58;

(*b*) supplies on a reduced scale continued to Belgian Congo and to Federation of Rhodesia and Nyasaland; and BP beef was sent overseas in large quantities for first time.

(2) Despite restrictions 63,290 head of cattle were slaughtered (1957 60,023); abattoir sold 7,215 head live (1957 1,900); so total offtake from BP cattle industry was 70,505 head (1957 61,923).

(3) From 24.4.58 Union took 38,234 carcases; because of difficult conditions in northern markets, deliveries to Congo were reduced at Compagnie d'Elevage et d'Alimentation du Katanga request; a temporary arrangement was made by which deliveries to Federation Cold Storage Commission were equally hook and hoof.

(4) (*a*) Other than traditional markets in Africa had been sought for some time; in June abattoir contracted to supply 30,000 carcases in 15 months from 1.7.58 to a buyer exporting to Israel and to European countries; owing to his difficulties with shipping, deliveries were held up, but 20% had been supplied by 31.12.58;

(*b*) some beef under this contract was shipped to Smithfield where its reception was generally favourable, particularly by manufacturers; as a result enquiries have come from trade in UK and European countries.

(5) (*a*) Table summarises operations 1955 to 1958 since abattoir opened:

	1955	1956	1957	1958
	Head	Head	Head	Head
Abattoir sales of carcase beef—				
traditional markets in Africa ...	65,605	67,001	57,888	55,347
overseas	—	164	—	6,567
	65,605	67,165	57,888	61,914
Condemned carcases	1,480	1,551	1,710	1,806
	67,085	68,716	59,598	63,720
Exports of live cattle—				
sold by abattoir	—	—	1,900	7,215
sold by Bechuanaland Cattle Ranch (§79)	6,392	3,548	2,296	60
	73,477	72,264	63,794	70,995

(*b*) exports in 1957 and 1958 were a lot less than they would have been but for foot and mouth; BP cattle trade, now that market conditions are in its favour, ought to show that it can produce much more than 70/75,000 average exportable surplus of last few years.

(6) (*a*) Till Union market reopened, producers continued to be paid special price agreed in December 1957 related to abattoir receipts from northern markets; since then net proceeds of sales of beef, after meeting marketing expenses, have been paid to producers, abattoir retaining only revenue from hides, offal and by-products to cover costs and to service capital;

(*b*) because producers accepted new price basis, CDC undertook to pay to benefit of industry any excess of profits over 6% on capital employed; arrangement was originally for 1958 only but will be continued for period of export contract (§ (4)).

(7) Discussion continued with BP Government about terms on which abattoir business should be transferred to a local company, incorporated 1.2.58, in which BP cattle trade might participate and share responsibility, e.g. in considering need for second abattoir or cannery (see last report); local Government's hesitations and doubts were not understood in Hill Street.

(8) Sales £1,934,312 (1957 £1,726,754); net profit £65,117 of which £38,024 retained by CDC and £27,093 is to be given to BP cattle industry—see (6) (*b*); (1957 trading result was loss £187).

(9) Capital employed at 31.12.58 £652,325 including fixed assets £528,107.

Photo by Sport & General Press Agency

First consignment of beef from Lobatsi Abattoir, Bechuanaland, at Smithfield Market, London.

Photo by Gerald Hammond

Gathering some of the first sugar cane for Mhlume (Swaziland) Sugar Co Ltd.

82 Molopo Ranch

(1) (*a*) Herd decreased from 9,920 to 9,859 in 1958;

(*b*) it was virused in 1957 and remained free of foot and mouth disease despite further outbreaks on neighbouring farms; movement of cattle into and out of ranch was restricted at various times, but, luckier than Bechuanaland Cattle Ranch (§ 79), project was able to sell 1,772 slaughter cattle to Lobatsi Abattoir (1957 789).

(2) (*a*) Birth rate 54·7% in 1957/58 season was better than 1956/57 (50%);

(*b*) death rate 2·8% (1957 2·6%); remains satisfactory.

(3) Ranching area (about 240,000 acres) was further developed.

(4) Net profit £21,213 (1957 £9,823), including £9,707 upward revision of standard stock values (as for Bechuanaland Cattle Ranch, § 79).

(5) Book value is £297,266 including £40,635 assets on settlement scheme area (§ 83).

83 Molopo Settlement Scheme

(1) Agreement between Protectorate Government and CDC, held up for over two years, was at last approved in February 1959.

(2) At 31.12.58, graziers still in occupation; next step is allocation of farms under scheme.

(3) Assets and revenue included in Molopo Ranch accounts.

SWAZILAND

84 Mhlume (Swaziland) Sugar Co Ltd

(1) Company registered in Swaziland in June 1958; issued capital 1·25m shares of £1 each (10/– paid 31.12.58), held 60% by Sir J. L. Hulett & Sons Ltd and 40% by CDC; CDC has undertaken to lend up to £2·75m.

(2) Swaziland Administration gave a milling quota of only 40,000 of the 80,000 tons which Swaziland is to produce for South African market by UK High Commissioner's agreement with Union Government.

(3) 80% of mill's cane will be grown on land bought from CDC and irrigated by Mhlume Water (§ 86); CDC's SIS project and other areas (including land cultivated by Swazi Nation which is also irrigated by Mhlume Water and whom CDC has offered to help) will find rest of cane.

(4) With CDC help 5,000 acres of bush cleared and 2,300 acres now provided with sub-irrigation. Over 2,000 acres of cane planted and doing well.

(5) Mill should be finished by end 1959; and it will be capable of processing a lot more than its 40,000 ton quota.

(6) Houses will be provided for 37 European and for about 1,000 African employees; building contracts let and work begun.

85 Swaziland Canners (Pty) Ltd

(1) (*a*) Issued capital 24,000 £1 shares of which 21,000 distributed equally between Malkerns Valley pineapple growers, Samuel Hanson & Son

Ltd (managing and selling agents since 9.11.56) and debenture holders—CDC and Barclays Overseas Development Corporation Ltd (BODC);

(*b*) loans total £137,399; CDC £83,850, BODC £45,150, growers £8,399;

(*c*) CDC has guaranteed bank overdraft up to £20,000; managing agents have arranged guaranteed stock finance with CDC/BODC supporting.

(2) (*a*) 2,856 tons pineapples canned (1957 2,650 tons); growers received £21,548 (1957 £30,124);

(*b*) cannery needs far larger tonnages to earn any profit; increased pineapple crops cannot be expected before 1961;

(*c*) experiments in tomato canning during pineapple off-season show promise.

(3) (*a*) Bulk of pineapple pack was of choice quality and again sold well in UK market despite keen competition;

(*b*) towards end of 1958 Commonwealth producers cut canned fruit prices because of mounting stocks and prospective competition from dollar area.

(4) (*a*) Accounting year changed to end on 31st December;

(*b*) net loss for year to 30.6.58 was £15,681 (year to 30.6.57 £28,864); net loss during six months off-season to 31.12.58 £18,616 (six months to 31.12.57 £14,878).

(5) This salvage operation was undertaken at request of Swaziland Government when original sponsors withdrew in 1956; despite sacrifices by all parties concerned, the going is hard and future still uncertain.

86 Swaziland Irrigation Scheme

(1) CDC retains 92,000 acres of which 20,000 are under command of Mhlume Water (completed 1957) after selling 13,000 acres to Mhlume (Swaziland) Sugar Co Ltd (§ 84).

(2) Project gave priority during year to operations helpful to launching of Mhlume company; technical staff designed and are supervising construction of sub-irrigation distribution system for Company's sugar lands; project staff also did soil survey and cleared 2,000 acres of bush.

(3) Water sales will contribute to revenue in 1959 when first cane crop is being grown; in 1958 there was produced:

(*a*) 1,840 short tons rice (1957 1,375 tons); quality excellent and sold well;

(*b*) 12,289 boxes citrus (1957 7,031 boxes); crop now profitable;

(*c*) 4,847 tons seed cane sold to neighbouring estates including 4,559 tons to Mhlume company;

(*d*) 1,221 head cattle sold (1957 1,176 head); cattle were held too long in cold and dry conditions, and lost weight; over £17,000 profit turned to loss.

(4) At 31.12.58 project has:

(*a*) 1,488 acres rice;

(*b*) 150 acres citrus; 80 acres planted in 1958 and big expansion is planned;

(*c*) 410 acres sugar cane for which project holds growing quota;

(*d*) 9,206 cattle (1957 7,813); transfer of cattle from cane growing areas involved much new fencing and additional dams.

(5) Trading results:

	1958 £	1957 £
Gross profit/loss:		
Agriculture	32,377 profit	23,688 loss
Livestock	262 loss	17,309 profit
Mhlume Water operation	8,591 loss	—
Administrative charges etc (after apportionments to construction and general development)	21,961*	11,987
Net profit/loss	£1,563 profit	£18,366 loss

* reduced capital programme meant more administrative costs against trading.

(6) Spent at 31.12.58 £2,561,524 including £1,056,659 on canal; £751,768 land and development; £471,516 buildings and plant; £171,778 livestock and growing crops.

(7) With completion of Mhlume Water and start of sugar company, all is ready for next phase—some use of irrigable acres; meanwhile the old SIS HQ at Mananga has grown into a township with bank, post office and even town-planning.

87 Ubombo Ranches (Pty) Ltd

(1) £85,000 lent to Company in 1953 to develop irrigable land on Usutu River in eastern Swaziland; repayable by 1973.

(2) (*a*) Loan secured on land;

(*b*) Regional Controller on board.

(3) 4,600 acres now cleared and irrigable from Big Bend canal; Company grows sugar cane and rice and ranches cattle.

(4) Sugar mill with design capacity of 15,000 tons per annum started production in September 1958.

(5) Company is planning a second mill to enable it to get up to the 40,000 tons quota given to it (§ 84).

88 Usutu Forests

(1) (*a*) Afforestation of 100,000 acres 1950/60 almost complete; total area planted (mainly conifers) on CDC freehold 92,314 acres (1957 88,946 acres);

(*b*) additionally CDC has planted 2,370 acres for Swazi Nation; it will be 3,500 acres by 1960;

(*c*) 929 acres were destroyed by fire in August and are being replanted; otherwise trees continue to grow well.

(2) (*a*) Investigations into pulp mill possibilities have been resumed;

(*b*) any factory to process Usutu timber may have to provide its own transport and power; decision as to a railway through Swaziland is disappointingly slow.

(*c*) thinnings from forest have been sold as pulpwood to South African Pulp & Paper Industries mill near Springs in Transvaal.

(3) Usutu Orchards farm (2,700 acres with water rights in Malkerns scheme) supplies slaughter oxen for African rations and milk for sale; other crops are citrus, pineapples, rice and vegetables.

(4) There are 80 Europeans and 1,750 Africans under Mr. C. S. Hubbard, general manager since job started.

(5) Spent at 31.12.58 £3,030,944 (1957 £2,709,014).

TRISTAN DA CUNHA

89 Tristan da Cunha Development Co Ltd

(1) Public company incorporated in South Africa and locally managed; authorised and issued capital £250,000; CDC holds £130,000.

(2) (*a*) 1957/58 fishing season ended prematurely in March when mv " Frances Repetto " broke down and had to be escorted to Cape Town by mv " Tristania "; so season's catch, 24,430 cases, did not fulfil early promise;

(*b*) short experimental winter fishing season (June/July) gave 2,683 cases, more than covering expenditure;

(*c*) 1958/59 season opened well; 22,332 cases by 11.1.59 is record.

(3) Year to 30.6.58 showed loss £3,952 due to low catch, compared with net profit £15,394 in previous year.

(4) (*a*) New arrangements for selling in USA in co-operation with South African rock lobster interests should increase profits for that market;

(*b*) French market prospects are good; import restrictions removed.

(5) Islanders are now helping with fishing; some signed on for half 1958/59 season; they can take some credit for increased catch in 1958/59 to date.

WEST AFRICA REGION

90 Regional summary

(1) Capital approved for 11 projects £4,101,000; spent £2,324,000.

(2) CDC now operates in West Africa through an agency company, Development Corporation (West Africa) Ltd; it is of course debarred from any new activity in Ghana. Only one new job was approved—Freetown Hotel in Sierra Leone. CDC's commitment to Nigeria Housing Development Society Ltd was increased by £225,000 as part of extension of operations to Eastern Region.

(3) Failure to finalise even one new project in Nigeria—which has by far the largest population and potential for development of all the territories—was a special and sore disappointment, in view of optimism in last year's

report. Schemes for joint development companies in association with Regional Governments were held up, despite their importance as a sharing of responsibility for investigating and launching new projects. Regional Governments and other local authorities were hard to bring to decision. Independence Day is near; there may be many schemes still in the air when CDC is shut out.

(4) At Federal Government request CDC investigated Cameroons Development Corporation (in July 1957) with a view to participation in finance and management; draft agreements were discussed and agreed in July 1958; but political uncertainties in the country have held up further action.

(5) The hotel will be of great value to Sierra Leone; investigations of other possibilities there and in the Gambia are in hand.

GHANA

91 Coast Construction Co Ltd

(1) (*a*) Issued capital 100,000 £1 shares held equally by CDC and Stirling–Astaldi (Africa) Ltd (managing agents);

(*b*) CDC loan £190,000 (1957 £270,000).

(2) Less work than in 1957; but reduced plant fully used.

(3) (*a*) Two contracts completed; one continuing; another started September;

(*b*) Ghana Government's new development programme should mean more work for contractors.

(4) Profit £29,848 (1957 £24,066).

NIGERIA

92 Amalgamated Engineering Co Ltd

(1) (*a*) Company registered in Nigeria with a subsidiary in Ghana; produces steel structures and tanks;

(*b*) issued capital £104,561 in £1 shares mostly held by UK parent company (T. A. Holdings Ltd);

(*c*) CDC debenture loan £50,000, £20,000 with conversion rights.

(2) Ghana subsidiary increased capital in 1958 to £120,000 held by Amalgamated Engineering £80,000 and Ghana Industrial Development Co £40,000.

(3) Company and subsidiary have both had a successful trading year.

(4) Regional Controller on boards of both companies.

93 Coast Construction (Nigeria) Ltd

Coast Engineering Ltd—wholly owned subsidiary

(1) (*a*) Issued capital 60,000 £1 shares, held equally by CDC and Stirling–Astaldi (Africa) Ltd (managing agents);

(*b*) CDC loan £203,625 (1957 £140,000).

(2) Chief E. O. Okunowo joined both boards in June 1958.

(3) (*a*) Contracting company finished two jobs in year; two nearing completion; two continuing at 31.12.58;

(*b*) staff and equipment should have given much greater mileage; for six months earth-moving plant and transport bogged down by worst wet season for 60 years;

(*c*) managing agents reorganised staff, overhauled plant and gingered things up in last quarter.

(4) Loss £61,445 (1957 profit £27,573).

94 Ilushin Estates Ltd

(1) Issued capital 795,000 £1 shares, 5/– paid; held equally by CDC, West African Joint Agency Ltd (WAJA), and Western Region Production Development Board—£66,250 each.

(2) Nigerian Joint Agency Ltd, wholly owned subsidiary of WAJA, manages.

(3) Company leases 8,600 acres at Ilushin in Western Nigeria; first planting 663 acres in 1958 towards projected estate of 5,000 acres rubber; further 760 acres cleared for planting 1959.

95 Lagos Executive Development Board

(1) CDC lent £1·25m (1950) and Nigerian Federal Government £600,000 to reclaim and develop 1,000 acres at Apapa; area now fully developed as an industrial and residential district.

(2) (*a*) Board may refund or CDC require repayment at end of 10, 20 or 30 years from 1.9.50; otherwise repayment by 30 instalments 1961/90;

(*b*) loan guaranteed by Federal Government.

96 The Nigerian Cement Co Ltd

(1) Issued capital at 31.12.58 £1,575,102 in £1 ordinary shares; additional 174,898 shares have been offered to public; CDC has 187,500 shares, other chief shareholders being Federal Government of Nigeria, Eastern Region Government, Eastern Region Development Corporation, The Tunnel Portland Cement Co Ltd and F. L. Smidth & Co Ltd.

(2) Tunnel are managing agents; Smidth & Co consulting engineers.

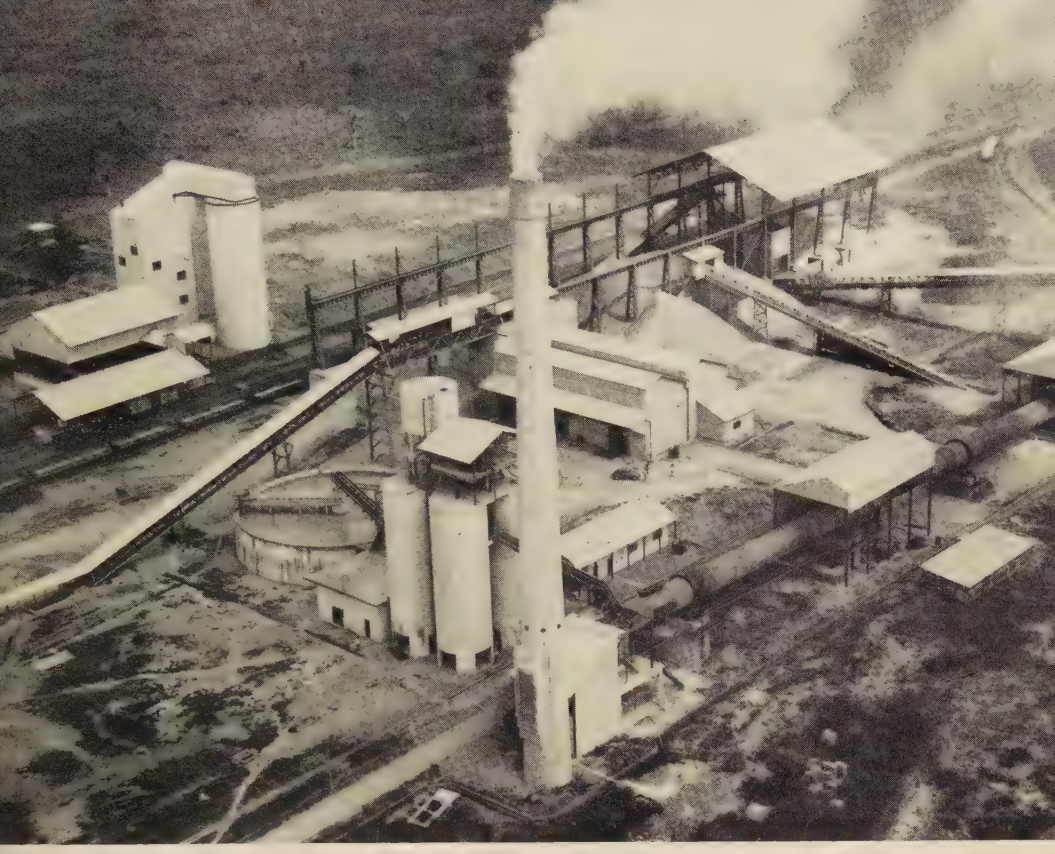
(3) (*a*) A good first year; at works (near Enugu) 103,000 tons high quality cement produced (above rated capacity);

(*b*) interim dividend 7½% declared in November; share offer prospectus of 1.12.58 forecast final 2½% for year to 31.3.59.

97 Nigeria Housing Development Society Ltd (" Nigeria Building Society ")

(1) (*a*) Issued capital at 31.12.58 £1,250,000 in £1 ordinary shares: 25,000 fully paid, 1,225,000 3/– paid; CDC hold 60% and Federal Government 40%;

(*b*) CDC will provide £250,000 loan capital.



Shell-BP photograph

Nkalagu cement factory of Nigerian Cement Co Ltd, near Enugu, Eastern Nigeria.

Photo by Federal Information Service, Nigeria

New industrial buildings and wharves on land developed by Lagos Executive Development Board at Apapa, Nigeria.

(2) Late in 1958 agreement was reached for Eastern Region Government to participate in Society and for operations to be extended to Eastern Region; CDC will subscribe an additional 225,000 shares and Eastern Region Government 150,000 shares.

(3) Regional Controller is chairman.

(4) Business has been slow in first two years of Society's life but increased well in second half of 1958; current mortgages and outstanding commitments £189,716 at 31.12.58.

(5) Loss £9,061 (1957 £7,578); administration costs will not be covered till substantial mortgage asset is built up—maybe in 1959.

(6) Interest in Society's operations grows; but expansion rate is conditioned by regard to financial stability of applicants and quality of building.

98 Northern Housing Estates Ltd

(1) Company owns 396 houses at Kaduna for lease; estate built and managed by Costain (West Africa) Ltd.

(2) £332,000 provided by Northern Region Government in form of loans, grant, and equity capital; CDC and Costains both hold £10,000 7% cumulative preference shares.

(3) (*a*) Rate of lettings most disappointing; only 215 houses tenanted at 31.12.58; but initial resistance to new style housing being overcome;

(*b*) though subsidised, Company cannot earn profits and repay loans unless nearly all houses are let.

(4) Initial loss 6½ months to 31.3.58 £486; moderate loss expected in current year; no dividend yet paid on preference shares.

(5) Regional Controller on board.

99 Omo Sawmills of Nigeria Ltd

(1) (*a*) Issued capital £250,000 of which CDC holds 126,000 £1 shares and R. T. Briscoe (Nigeria) Ltd 60,997; balance mainly William Mallinson & Sons Ltd and a group of African timber interests headed by Chief T. A. Odutola;

(*b*) in 1958 Company obtained unsecured loans £35,000 from CDC and £10,000 from Briscoes;

(*c*) Briscoes have been managing and selling agents since 1.3.57.

(2) (*a*) Since 1950 Company has held concession in Omo and Oshun forest reserves of Western Region; 1% of 429 sq miles is cut annually;

(*b*) annual log production is still far below capacity of sawmill opened in 1953 and has to be supplemented by outside purchases;

(*c*) Ijebu Divisional Council has been asked for additional concessions.

(3) Sawmill input was record 670,114 cu ft (1957 532,087); but conversion factor dropped to 54·3% (1957 58·8%).

(4) (*a*) Sales overall showed marked recovery:

	1958		1957	
	£	%	£	%
Export	82,256	39	61,613	42
Local—sleepers	74,119	35	26,934	18
other	55,154	26	59,651	40
	211,529	100	148,198	100

(*b*) but mahogany was scarce and export prices were down;

(*c*) Company lost on sleepers for Nigerian Railway Corporation; it hopes to obtain a new contract on more favourable terms;

(*d*) other local and export prices were down on 1957.

(5) So, in spite of bigger production and sales, trading result for 1958 was worst yet; net loss £46,561 (1957 £39,060).

(6) Prospects being examined; they are not particularly bright.

SIERRA LEONE

100 Freetown Hotel Co (in formation)

(1) (*a*) Company to be incorporated with share capital £200,000 of which Sierra Leone Government will subscribe up to £125,000 in B (deferred) shares and CDC up to £75,000 in A (preferred) shares;

(*b*) CDC to lend £200,000 guaranteed by Sierra Leone Government;

(*c*) Government and CDC will nominate board.

(2) (*a*) Company to erect 48-bedroom hotel in Freetown, designed by Messrs James Cubitt & Partners; CDC, at request of SL Government, organised initial investigation; Taylor Woodrow (Sierra Leone) Ltd started building March 2nd (contract £234,000);

(*b*) formation agreement to implement heads of agreement between partners being considered by SL Government.

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